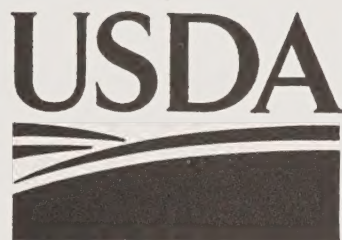


Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

AS21
A86U655

USDA
NAT'L AGRIC LIBRARY
2001 NOV 15 P 1:45
CURRENT SERIAL RECORDS
ACQ/SERIALS BRANCH



2000

BUDGET SUMMARY

U.S. DEPARTMENT OF AGRICULTURE

TABLE OF CONTENTS

| ITEM | PAGE |
|---|------|
| INTRODUCTION | iii |
| FUNDING OVERVIEW | 1 |
| PROGRAM HIGHLIGHTS | 4 |
| INITIATIVES | 15 |
| EXPLANATION OF MAJOR CHANGES BY AGENCY: | |
| FARM AND FOREIGN AGRICULTURAL SERVICES: | |
| Farm Service Agency | 19 |
| Risk Management Agency | 28 |
| Foreign Agricultural Service | 31 |
| RURAL DEVELOPMENT: | |
| Rural Development | 40 |
| Rural Utilities Service | 43 |
| Rural Housing Service | 45 |
| Rural Business-Cooperative Service | 47 |
| Alternative Agricultural Research and Commercialization Corporation | 49 |
| FOOD, NUTRITION, AND CONSUMER SERVICES: | |
| Food and Nutrition Service | 50 |
| FOOD SAFETY: | |
| Food Safety and Inspection Service | 56 |
| NATURAL RESOURCES AND ENVIRONMENT: | |
| Natural Resources Conservation Service | 60 |
| Forest Service | 65 |
| MARKETING AND REGULATORY PROGRAMS: | |
| Agricultural Marketing Service | 75 |
| Animal and Plant Health Inspection Service | 79 |
| Grain Inspection, Packers and Stockyards Administration | 83 |
| RESEARCH, EDUCATION, AND ECONOMICS: | |
| Agricultural Research Service | 88 |
| Cooperative State Research, Education, and Extension Service | 93 |
| Economic Research Service | 98 |
| National Agricultural Statistics Service | 100 |
| DEPARTMENTAL ACTIVITIES | 102 |
| OFFICE OF THE INSPECTOR GENERAL | 106 |
| SUPPORT SERVICES BUREAU | 107 |

TABLE OF CONTENTS

| ITEM | PAGE |
|---|------|
| APPENDIX: | |
| Food Safety Activities | 108 |
| Secretary's Civil Rights Initiative | 111 |
| Food Quality Protection Act | 114 |
| Climate Change Related Programs | 116 |
| Budget Authority by Agency, 1998-2000 | 118 |
| Discretionary Budget Authority by Agency, 1999-2000 | 119 |
| Outlays by Agency, 1998-2000 | 120 |
| Discretionary Budget Outlays by Agency, 1999-2000 | 121 |
| Staff Years by Agency, 1993 and 1998-2000 | 122 |
| 2000 User Fee Proposals | 123 |
| 2000 Other Proposed Budget-Related Legislation | 126 |

INTRODUCTION

The Budget Summary describes the fiscal year 2000 budget for the U.S. Department of Agriculture (USDA). All references to years refer to fiscal year, except where specifically noted. Throughout the booklet, the acronym, 1996 Farm Bill, is used to refer to the Federal Agriculture Improvement and Reform Act of 1996.

The Summary is organized into five sections: Funding Overview, Program Highlights, Initiatives, Agency Programs, and Appendix Tables.

Basic budget terminology:

- **Program Level** represents the gross value of all financial assistance USDA provides to the public. This assistance may be in the form of grants, guaranteed or direct loans, cost-sharing, professional services such as research or technical assistance activities, or in-kind benefits such as commodities.
- **Budget Authority** is the authority to commit funds of the Federal Treasury. Congress provides this authority through annual appropriations acts and substantive legislation which authorizes direct spending. The President's budget requests the Congress to appropriate or otherwise provide an amount of budget authority sufficient to carry out recommended Government programs.
- **Obligations** are commitments of Government funds. In order for USDA to make a valid obligation, it must have a sufficient amount of budget authority to cover the obligation.
- **Outlays** are cash disbursements from the Federal Treasury to satisfy a valid obligation.

Program level measures are used in most instances. However, there are some cases when other measures are used and the reader should take care to note which measure is being used. Also, the reader should understand that many 2000 estimates are very tentative especially where programs are sensitive to weather or economic conditions.

Questions may be directed to the Office of Budget and Program Analysis via e-mail at bca@obpa.usda.gov or telephone at (202) 720-6176.

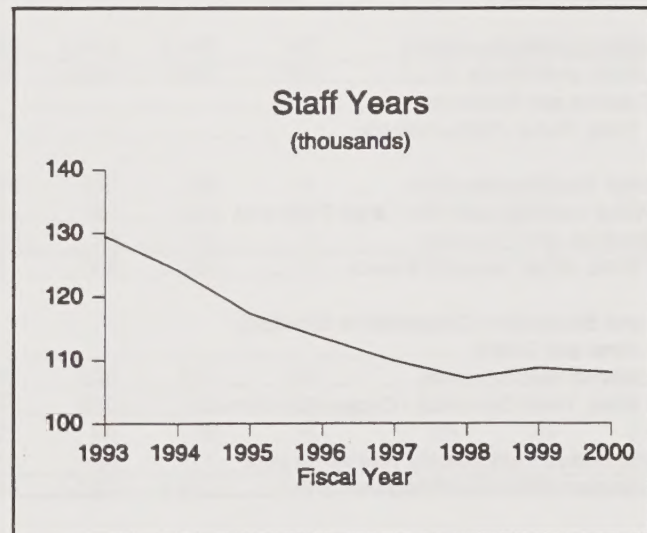
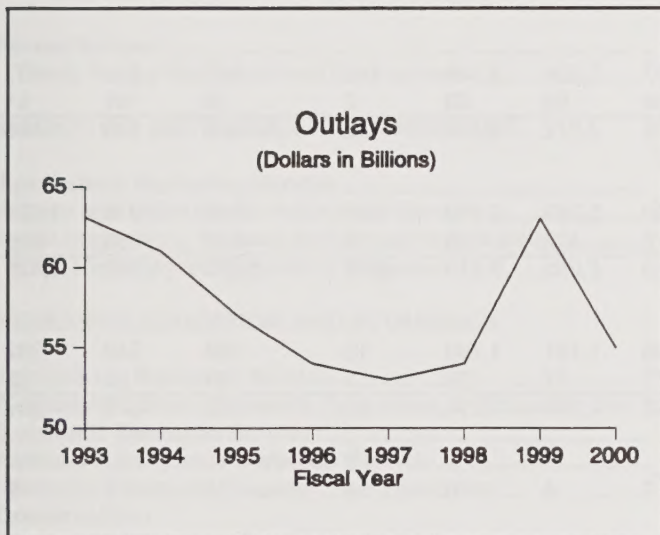
FUNDING OVERVIEW

2000 Funding Overview

USDA outlays are projected to decline from \$63.1 billion in 1993 to an estimated \$55.2 billion in 2000 -- a 13 percent reduction, following a one-year increase in 1999. The increase in 1999 is largely due to emergency supplemental funding provided to address the farm economic crisis and funding for the President's Food Aid Initiative.

USDA's 2000 discretionary program outlays, about \$15.5 billion, or about 28 percent of total USDA outlays, include the Special Supplemental Nutrition Program for Women, Infants and Children (WIC); rural development; research and technical assistance; soil and water conservation technical assistance; management of the National Forests and Grasslands; State and Private Forestry programs; and domestic and international marketing assistance. Mandatory programs account for the remaining 72 percent of USDA outlays, about \$39.7 billion in 2000. These programs provide services as required by law and include the majority of the food assistance programs, commodity programs, and a number of conservation programs. The total USDA program level is projected to decrease from \$94.2 billion in 1999 to an estimated \$90.1 billion in 2000.

The budget will strengthen the safety net for farmers and low income populations, provide economic opportunities for rural Americans, protect our natural resources and further improve the safety of the food supply. Funding is included within a number of agencies to support programs proposed as segments of multi-agency Administration initiatives. More detailed information is provided under the relevant sections of this document.



FUNDING OVERVIEW

UNITED STATES DEPARTMENT OF AGRICULTURE (Dollars in Millions)

| AGENCY / PROGRAM | Program Level | | | | Outlays | | | |
|--|----------------|-----------------------------|----------------|---------------------------|----------------|-----------------------------|----------------|---------------------------|
| | 1998 Actual | 1999 Current Estimate | 2000 Budget | Change 1999 to 2000 | 1998 Actual | 1999 Current Estimate | 2000 Budget | Change 1999 to 2000 |
| FARM AND FOREIGN AGRICULTURAL SERVICES | | | | | | | | |
| Farm Service Agency: | | | | | | | | |
| Farm Loan and Grant Programs | \$2,158 | \$2,828 | \$3,013 | \$185 | \$430 | \$144 | \$92 | -\$52 |
| Conservation Reserve Program | 1,760 | 1,576 | 1,596 | 20 | 1,731 | 1,580 | 1,578 | -2 |
| Conservation and Other Programs | 40 | 87 | 0 | -87 | 52 | 80 | 52 | -28 |
| Commodity Programs | 14,752 | 24,214 | 19,548 | -4,666 | 7,891 | 14,633 | 9,287 | -5,346 |
| Commodity Credit Corporation Programs | (21,240) | (32,318) | (26,988) | (-5,330) | (10,419) | (18,450) | (12,603) | (-5,847) |
| Salaries and Expenses | 911 | 966 | 1,006 | 40 | 924 | 888 | 1,000 | 112 |
| Total, Farm Service Agency | 19,621 | 29,671 | 25,163 | -4,508 | 11,028 | 17,325 | 12,009 | -5,316 |
| Risk Management Agency: | | | | | | | | |
| Administrative and Operating Expenses | 63 | 64 | 71 | 7 | 68 | 70 | 70 | 0 |
| Crop Insurance Fund | 1,305 | 1,607 | 1,694 | 87 | 1,205 | 1,302 | 1,602 | 300 |
| Total, Risk Management Agency | 1,368 | 1,671 | 1,765 | 94 | 1,273 | 1,372 | 1,672 | 300 |
| Foreign Agricultural Service: | | | | | | | | |
| Export Credit Guarantees | 4,037 | 4,721 | 4,506 | -215 | 257 | 440 | 473 | 33 |
| Market Access Program | 90 | 90 | 90 | 0 | 92 | 89 | 91 | 2 |
| Export Enhancement Program | 2 | 550 | 494 | -56 | 1 | 550 | 494 | -56 |
| Dairy Export Incentive Program | 110 | 102 | 99 | -3 | 130 | 115 | 100 | -15 |
| P.L. 480 | 1,138 | 1,932 | 987 | -945 | 953 | 1,749 | 977 | -772 |
| Section 416(b) Donations: Ocean Freight and Overseas Distribution Costs | a/ | 678 | 3 | -675 | a/ | 649 | 33 | -616 |
| Food for Progress Program | 111 | 133 | 91 | -42 | 138 | 136 | 112 | -24 |
| Salaries and Expenses | 209 | 200 | 204 | 4 | 179 | 160 | 158 | -2 |
| Total, Foreign Agricultural Service | 5,697 | 8,406 | 6,474 | -1,932 | 1,750 | 3,888 | 2,438 | -1,450 |
| Total, Farm and Foreign Agricultural Services | 26,686 | 39,748 | 33,402 | -6,346 | 14,051 | 22,585 | 16,119 | -6,466 |
| RURAL DEVELOPMENT | | | | | | | | |
| Rural Utilities Service: | | | | | | | | |
| Loans and Grants | 2,837 | 3,206 | 3,346 | 140 | 347 | 534 | 407 | -127 |
| Salaries and Expenses | 66 | 66 | 68 | 2 | 59 | 59 | 61 | 2 |
| Total, Rural Utilities Service | 2,903 | 3,272 | 3,414 | 142 | 406 | 593 | 468 | -125 |
| Rural Housing Service: | | | | | | | | |
| Rural Housing Loan and Grant Programs | 4,998 | 5,263 | 5,873 | 610 | 925 | 1,279 | 1,021 | -258 |
| Salaries and Expenses | 412 | 422 | 446 | 24 | 370 | 380 | 400 | 20 |
| Total, Rural Housing Service | 5,410 | 5,685 | 6,319 | 634 | 1,295 | 1,659 | 1,421 | -238 |
| Rural Business - Cooperative Service: | | | | | | | | |
| Loans and Grants | 1,306 | 1,167 | 1,186 | 19 | 288 | 349 | 282 | -67 |
| Salaries and Expenses | 27 | 27 | 28 | 1 | 24 | 24 | 25 | 1 |
| Total, Rural Business - Cooperative Service | 1,333 | 1,194 | 1,214 | 20 | 312 | 373 | 307 | -66 |
| Alternative Agricultural Research and Commercialization Corporation | | | | | | | | |
| | 7 | 4 | 10 | 6 | 8 | 6 | 9 | 3 |
| Rural Community Advancement Program | | | | | | | | |
| | (2,836) | (2,798) | (3,045) | (247) | (580) | (759) | (683) | (-76) |
| Total, Rural Development | 9,653 | 10,155 | 10,957 | 802 | 2,021 | 2,631 | 2,205 | -426 |

a/ Less than \$0.5 million.

FUNDING OVERVIEW

UNITED STATES DEPARTMENT OF AGRICULTURE (Dollars in Millions)

| AGENCY / PROGRAM | Program Level | | | | Outlays | | | |
|---|-----------------|-----------------------------|-----------------|---------------------------|-----------------|-----------------------------|-----------------|---------------------------|
| | 1998 Actual | 1999 Current Estimate | 2000 Budget | Change 1999 to 2000 | 1998 Actual | 1999 Current Estimate | 2000 Budget | Change 1999 to 2000 |
| FOOD, NUTRITION, AND CONSUMER SERVICES | | | | | | | | |
| Food and Nutrition Service: | | | | | | | | |
| Food Stamp Program | 20,469 | 21,464 | 21,730 | 266 | 20,041 | 21,114 | 21,407 | 293 |
| Child Nutrition Programs | 9,136 | 9,504 | 10,001 | 497 | 8,964 | 9,474 | 9,919 | 445 |
| Women, Infants and Children (WIC) | 4,035 | 4,064 | 4,205 | 141 | 3,890 | 3,936 | 4,097 | 161 |
| Commodity Assistance Program | 248 | 246 | 255 | 9 | 235 | 247 | 251 | 4 |
| Food Donations Programs | 142 | 141 | 151 | 10 | 141 | 142 | 148 | 6 |
| Food Program Administration | 109 | 112 | 121 | 9 | 102 | 107 | 123 | 16 |
| Total, Food and Nutrition Service | 34,139 | 35,531 | 36,463 | 932 | 33,373 | 35,020 | 35,945 | 925 |
| Section 32 Funds | 211 | 135 | 116 | -19 | 112 | 151 | 135 | -16 |
| Total, Food, Nutrition, and Consumer Services | 34,350 | 35,666 | 36,579 | 913 | 33,485 | 35,171 | 36,080 | 909 |
| FOOD SAFETY | | | | | | | | |
| Food Safety and Inspection Service | 679 | 706 | 742 | 36 | 596 | 621 | 151 | -470 |
| NATURAL RESOURCES AND ENVIRONMENT | | | | | | | | |
| Natural Resources Conservation Service: | | | | | | | | |
| Conservation Operations | 629 | 641 | 681 | 40 | 596 | 680 | 680 | 0 |
| Watershed and Flood Prevention Operations | 236 | 230 | 83 | -147 | 221 | 279 | 176 | -103 |
| Other Conservation Operations | 52 | 61 | 102 | 41 | 95 | 108 | 77 | -31 |
| Programs financed by CCC: | | | | | | | | |
| Environmental Quality Incentives Program | 194 | 174 | 300 | 126 | 101 | 121 | 160 | 39 |
| Wetlands Reserve Program | 231 | 132 | 209 | 77 | 88 | 179 | 214 | 35 |
| Wildlife Habitat Incentives Program | 26 | 24 | 10 | -14 | 5 | 14 | 13 | -1 |
| Farmland Protection Program | 17 | 0 | 28 | 28 | 8 | 9 | 10 | 1 |
| Total, Natural Resources Conservation Service | 1,385 | 1,262 | 1,413 | 151 | 1,114 | 1,390 | 1,330 | -60 |
| Forest Service | 3,419 | 3,404 | 3,486 | 82 | 3,402 | 3,440 | 3,330 | -110 |
| Total, Natural Resources and Environment | 4,804 | 4,666 | 4,899 | 233 | 4,516 | 4,830 | 4,660 | -170 |
| MARKETING AND REGULATORY PROGRAMS | | | | | | | | |
| Agricultural Marketing Service | 229 | 242 | 256 | 14 | 153 | 158 | 174 | 16 |
| Animal and Plant Health Inspection Service | 533 | 590 | 499 | -91 | 526 | 530 | 566 | 36 |
| Grain Inspection, Packers and Stockyards Admin. | 59 | 70 | 70 | 0 | 24 | 27 | 11 | -16 |
| Total, Marketing and Regulatory Programs | 821 | 902 | 825 | -77 | 703 | 715 | 751 | 36 |
| RESEARCH, EDUCATION, AND ECONOMICS | | | | | | | | |
| Agricultural Research Service | 762 | 834 | 857 | 23 | 726 | 816 | 853 | 37 |
| Cooperative State Research, Education, & Extension Ser. | 896 | 930 | 1,073 | 143 | 843 | 888 | 891 | 3 |
| Economic Research Service | 72 | 65 | 56 | -9 | 55 | 55 | 57 | 2 |
| National Agricultural Statistics Service | 118 | 104 | 101 | -3 | 124 | 102 | 101 | -1 |
| Subtotal, Research, Education, and Economics | 1,848 | 1,933 | 2,087 | 154 | 1,748 | 1,861 | 1,902 | 41 |
| Construction: | | | | | | | | |
| Agricultural Research Service | 81 | 56 | 44 | -12 | 56 | 75 | 70 | -5 |
| Cooperative State Research, Education, & Extension Service .. | 0 | 0 | 0 | 0 | 61 | 40 | 25 | -15 |
| Total, Research, Education, and Economics | 1,929 | 1,989 | 2,131 | 142 | 1,865 | 1,976 | 1,997 | 21 |
| OTHER ACTIVITIES | | | | | | | | |
| Departmental Offices and Centralized Activities | 255 | 297 | 322 | 25 | 262 | 302 | 318 | 16 |
| Outreach for Socially Disadvantaged Farmers | 3 | 3 | 10 | 7 | 1 | 9 | 10 | 1 |
| Office of the Inspector General | 63 | 65 | 68 | 3 | 63 | 65 | 68 | 3 |
| Fund for Rural America | 0 | 0 | 60 | 60 | 9 | 12 | 39 | 27 |
| Support Services Bureau | 0 | 0 | 90 | 90 | 0 | 0 | 14 | 14 |
| Pre - Credit Reform Loan Repayments | 0 | 0 | 0 | 0 | -2,651 | -4,418 | -6,423 | -2,005 |
| Receipts | 0 | 0 | 0 | 0 | -974 | -1,087 | -822 | 265 |
| USDA, TOTAL | \$79,243 | \$94,197 | \$90,085 | -\$4,112 | \$53,947 | \$63,412 | \$55,167 | -\$8,245 |

PROGRAM HIGHLIGHTS

The Department's FY 2000 Budget supports achievement of its Strategic Goals as follows:

- *Expand economic and trade opportunities for agricultural producers and other rural residents.*
- *Ensure food for the hungry, and a safe, affordable, nutritious, and accessible food supply.*
- *Promote sensible management of our natural resources.*

Following are highlights of the Department's budget proposals in support of these goals:

FARM AND FOREIGN AGRICULTURAL SERVICES

This mission area supports expanded economic and trade opportunities for agricultural producers through commodity and income support, export promotion, farm credit, risk management, and related programs. These programs provide a safety net to help ensure the long-term economic vitality of American farmers and ranchers. International trade and export programs promote economic opportunity by developing and protecting expanded export markets. Income support payments help ensure the economic vitality of producers. The economic viability of a farm sector which is heavily dependent on unstable international markets and unpredictable weather is influenced significantly by the Department's risk management and export programs. The Department also provides farm credit assistance as a lender of last resort, paying particular attention to small, limited resource and minority farmers.

The Administration is committed to working with the Congress to improve the safety net for farmers, particularly with respect to broadening and strengthening the crop insurance program. Under current law, the 2000 budget includes resources to:

- **Expand crop revenue coverage to protect producers from lower prices and production losses.** Revenue coverage, a product developed as a result of the partnership between the Federal government and the private insurance industry, is now available on almost 90 percent of the corn, wheat, cotton, soybeans, and grain sorghum grown in the United States. The budget also includes funding for additional risk management education programs for producers. (See page 28.)
- **Provide farm credit assistance to over 31,000 farmers in 2000.** The budget proposes a total loan level of \$3 billion, \$183 million more than in 1999, for farm ownership, farm operating and emergency loans. In particular, funding for direct farm ownership loans is \$42 million more than the 1999 level of \$86 million, and will support loans to almost 1,500 farmers in 2000. At least 19 percent of direct farm ownership loans and 15 percent of direct farm operating loans will be targeted to socially disadvantaged farmers, and 38 percent and 47 percent respectively to limited

PROGRAM HIGHLIGHTS

resource farmers. Primarily due to low interest rates, the cost of the program decreases significantly from \$121 million to \$77 million. (See page 20.)

- **Enroll additional acreage into the Conservation Reserve Program (CRP).** The CRP produces environmental benefits for the Nation as well as income benefits for farmers. The 2000 budget assumes acreage enrolled in CRP will be about 31.1 million acres in 1999, increasing to 34.4 million acres in 2000, and to an eventual enrollment of 36.4 million acres by 2002. About 30.3 million acres were enrolled in the program at the end of fiscal year 1998. The total enrollment of 34.4 million in 2000 includes acreage enrolled in the 18th signup, conducted in October through early December 1998 as well as the acreage accepted in the continuous, non-competitive signup which has been underway since September 1996. Acreage enrolled under the continuous signup includes enrollment under the Conservation Reserve Enhancement Program and the National Conservation Buffer Initiative. (See page 22.)
- **Continue efforts to improve agricultural trade by providing a total program level of nearly \$6.5 billion for the Department's international programs and activities.** This includes a program level of \$4.5 billion for the Commodity Credit Corporation (CCC) export credit guarantee programs, \$494 million for the Export Enhancement Program and \$90 million for the Market Access Program. The budget also provides a total program level of \$987 million for P.L. 480 foreign food assistance programs, which is expected to provide approximately 3.2 million metric tons of commodity assistance in 2000. (See page 31.)
- **Implement the President's Food Aid Initiative and the emergency and market loss assistance programs authorized by the Congress in 1999.** These programs are funded through the Commodity Credit Corporation (CCC). CCC farm income support outlays totalled \$7.9 billion in 1998. They are expected to reach \$14.6 billion in 1999 and are projected at \$9.3 billion in 2000. In 1999, a total of about \$1.4 billion will be provided under the President's Food Aid Initiative for purchasing, processing, and shipping wheat overseas. Outlays for emergency spending authorized in the appropriations legislation will total nearly \$5.7 billion, including \$3.1 billion for market loss payments, \$2.4 billion to compensate producers for crop losses, and \$0.2 billion for livestock feed assistance. (See page 24.)

PROGRAM HIGHLIGHTS

RURAL DEVELOPMENT

The Rural Development (RD) mission area helps to improve the quality of life for rural Americans and helps rural businesses and cooperatives compete in the global marketplace. The Administration remains strongly committed to providing economic opportunities to support sound development of rural communities. RD provides financial and technical assistance to help individuals, local communities and rural businesses, concentrating on those with the greatest need. These opportunities include decent, safe, affordable housing, establishment of rural businesses and community facilities, development of modern and affordable water and waste services, and installation of electric and telecommunications services.

The budget provides about \$11 billion for direct loans, loan guarantees, grants, and technical assistance -- over \$800 million more than the 1999 level. Highlights of the request include:

- **Funding to support the President's National Homeownership Initiative by making approximately 50,000 more homeownership opportunities available in rural America.** The budget requests \$1.1 billion in direct loans and \$3.2 billion in guaranteed loans for decent, safe, affordable single family housing, representing an increase of nearly 9 percent over 1999. (See page 45.)
- **A 12 percent increase in funding to provide over 1 million rural Americans with safe, affordable drinking water.** Continuation of the program at these levels is consistent with the President's Water 2000 Initiative which is designed to ensure that all rural households have access to clean running water. Included in the request is \$503 million in grants and \$975 million in loans for technical assistance and financing modern, affordable water and waste services in rural communities. The combined total of loans and grants represents an increase of \$156 million over the 1999 level. (See page 43.)
- **Business and industry loan funding to create or save over 40,000 jobs in rural America.** Funding levels of \$1 billion in guaranteed loans and \$50 million in direct loans reflect the emphasis that this Administration is giving to ensuring that there are more job opportunities in rural America. (See page 47.)

FOOD, NUTRITION, AND CONSUMER SERVICES

This mission area ensures food for the hungry, and a nutritious, accessible food supply. The Department's 2000 budget requests \$36.5 billion for Nutrition Assistance Programs for needy Americans. The budget request fully funds the expected needs of the Food Stamp, Child Nutrition, and Special Supplemental Nutrition Program for Women, Infants and Children (WIC) programs. The requested funding level guarantees the nutrition safety net to ensure that all needy Americans, especially children, have access to food and nutrition assistance. The budget includes:

PROGRAM HIGHLIGHTS

- **Funding to support 20.1 million Food Stamp participants, including 15,000 under a legislative proposal which would restore Food Stamp eligibility to legal immigrants who entered the U.S. before August 22, 1996, and who have since reached the age of 65.** The 2000 budget funds the Food Stamp Program at a program level of \$21.7 billion, an increase of \$0.3 billion above 1999. The budget will allow the Department to continue its efforts in aggressively fighting error and fraud and implementing the Electronic Benefit Transfer (EBT) system. Additional funding is requested for food stamp nutrition education and for a program to inform the working poor. Also funded in this request is the Food Distribution Program on Indian Reservations, Nutrition Assistance for Puerto Rico, Nutrition Assistance to American Samoa, and the Community Food Projects. Further, the budget requests a \$1 billion contingency reserve for the Food Stamp Program. (See page 51.)
- **\$10 billion for Child Nutrition Programs, including \$13 million to fund a pilot project to evaluate providing breakfasts to all children regardless of income.** This includes funds to provide for additional meals in child care and after school settings as newly authorized by the William F. Goodling Child Nutrition Reauthorization Act of 1998, P.L. 105-336. This level provides for increases in participation and food inflation costs and will allow the Department to undertake a new initiative to improve program integrity. The budget also provides funding for strengthened education efforts on food safety in school meals as part of the President's Food Safety Initiative. (See page 51.)
- **Funding for 7.5 million participants in the Special Supplemental Nutrition Program for Women, Infants and Children (WIC).** The request reflects an increase of \$141 million for the WIC program for a total program level of \$4.2 billion. (See page 52.)
- **A \$5 million increase to expand the WIC Farmers' Markets program to 4 additional states and Tribal Organization and to serve additional participants within the 35 States and Tribal Organizations already participating.** The WIC Farmers' Market Nutrition Program provides WIC participants access to fresh fruits and vegetables and expands the awareness and use of farmers' markets by consumers. The program also provides support to thousands of mostly small, family farmers. The 2000 budget proposes a total of \$20 million within the Commodity Assistance Program account for this program. (See page 53.)
- **Funding to initiate a new Program Integrity Initiative to improve payment accuracy in the Food Stamp and Child Nutrition Programs.** It is proposed that a new program integrity initiative begin in 2000 and be funded at \$8 million within the Food Program Administration (FPA) account. This funding includes \$6 million to be used to measure and improve payment accuracy in the Food Stamp Program and \$2 million to improve management oversight of the WIC, Child Nutrition, and Food Distribution Programs.

PROGRAM HIGHLIGHTS

FOOD SAFETY

This mission area ensures that the Nation's meat, poultry and processed egg product supply is safe, wholesome and properly labeled, and oversees the work of the U.S. Manager for Codex Alimentarius. The meat and poultry inspection system is being modernized through the implementation of the final rule on Pathogen Reduction and Hazard Analysis and Critical Control Point (HACCP) Systems. Both industry and USDA have worked hard to successfully implement HACCP in large plants in 1998. During 1999, HACCP is being implemented in small plants, followed by very small plants in 2000. The 2000 budget requests resources to maintain the inspection workforce and to complete implementation of HACCP and to strengthen programs under the President's Food Safety Initiative. A summary of USDA food safety activities is presented on page 16. The budget includes:

- **Increased funding to enhance the safety of the Nation's food supply through the President's Food Safety Initiative and further support for HACCP.** Funding will be used to minimize food safety risks from farm-to-table through enhanced emergency response coordination with the States and validation of State inspection and laboratory pathogen testing. Funds will also support the conversion of 388 current inspection personnel and hiring 250 new personnel as Consumer Safety Officers. Some of these personnel will be redeployed to cover critical inspection vacancies in very small establishments. These employees will be responsible for conducting scientific testing and inspections and for covering critical inspection vacancies. An increase of \$13.7 million is proposed for these enhancements. The President's proposal builds on a strong record of accomplishments to ensure that Americans have the safest food possible. (See page 57.)
- **Proposed legislation to recover the full cost of providing Federal meat, poultry, and egg products inspection; excluding Grants to States and Special Assistance to States Programs.** Charging user fees for Federal inspection services will ensure that sufficient resources are available to provide the mandatory inspection services needed to meet increasing industry demand and would result in savings to the taxpayer. The overall impact on prices as a result of these fees has been estimated to be less than one cent per pound of meat, poultry, and egg products. Appropriated funds are requested to convert the Federal program to user fees and to maintain Federal support of State inspection programs. (See page 58.)

NATURAL RESOURCES AND ENVIRONMENT

The Natural Resources and Environment mission area promotes conservation and sustainable use of natural resources on the Nation's private lands through education, technical and financial assistance. The mission area is also responsible for meeting public demands for recreation, timber and other goods and services through management of over 191 million acres of National Forests and grasslands. The Administration is committed to preserving natural resources for future generations through assistance to farmers, ranchers and other private landowners and through sound

PROGRAM HIGHLIGHTS

management of public lands. The budgets for conservation and Forest Service programs include resources to:

- **Provide additional technical and financial assistance to enhance the conservation of natural resources, including water quality improvements under the President's Clean Water Action Plan.** An increase of \$37 million is proposed for Conservation Technical Assistance, for a total of \$585 million in 2000. A portion of the increase will support additional technical assistance to operators of animal feeding operations to help them develop and implement waste management plans. The budget also proposes an increase of \$126 million, for a total program of \$300 million, for the Environmental Quality Incentives Program which provides financial, technical and educational assistance to help landowners address serious challenges impacting soil, water and related natural resources. (See page 60.)
- **Protect productive farmland, preserve open space, and support smart growth as part of the President's Lands Legacy Initiative.** The USDA budget includes \$268 million as part of the President's \$1 billion Lands Legacy Initiative. Within this amount, \$50 million is proposed for a new discretionary Farmland Protection Program, which will provide State and local governments with matching funds for the purchase of permanent conservation easements on farmland threatened by development. Another \$118 million will fund acquisition of lands valuable for recreation, wildlife habitat and watershed protection in the National Forests. A new Smart Growth Partnership Program will support \$50 million in subsidized loans to help communities protect open spaces, limit sprawl and enhance air and water quality. Funds under the Initiative will also provide grants to protect habitat threatened by development, expand urban greenspaces and protect State and private forests.
- **Assist troubled USDA borrowers and protect the environment through debt forgiveness under the Debt for Nature Program.** This program will provide technical and financial assistance to USDA borrowers with serious cash flow problems who also have environmentally valuable lands. Participants will receive assistance in exchange for the development and implementation of a conservation plan. (See page 63.)
- **Enhance the ability of the National Forest System to meet multiple demands.** A total of \$1.4 billion is proposed for management of the National Forests, including \$197 million for timber sales to support a sales offer level of at least 3.3 Billion Board Feet (bbf) depending on salvage sales volume. In 1999, 3.6 bbf will be offered for sale. Also included in this account are funding increases of \$7 million to improve wilderness management, \$24 million to improve wildlife and fish habitat and \$11 million for Soil, Water and Air to support watershed improvements, HAZMAT Project implementation and Abandoned Mine Lands Cleanup. In addition, an increase of \$8 million is proposed to meet additional needs for rangelands, in particular to slow the spread of invasive exotic weed species on these lands. (See page 65.)
- **Provide the necessary scientific foundation for sound management of public forest and rangelands.** Forest and Rangeland Research is funded at \$235 million

PROGRAM HIGHLIGHTS

which is an increase of \$38 million over 1999. Additional funds will support the President's initiatives in global climate change and integrated sciences for ecosystem challenges.

MARKETING AND REGULATORY PROGRAMS

The mission of the Marketing and Regulatory agencies is to facilitate the domestic and international marketing of U.S. agricultural products and to ensure the health and care of animals and plants while improving market competitiveness and the economy for the overall benefit of both consumers and American agriculture. The budget proposes funding to:

- **Protect American agriculture from imported pests and diseases and enhance the marketability of American agricultural products abroad.** A total program level of \$485 million is proposed for the Animal and Plant Health Inspection Service (APHIS) salaries and expenses account. This includes \$178 million for Agricultural Quarantine Inspection (AQI) activities, the frontline defense to protect American agriculture from imported diseases and pests. The budget also includes an increase of \$1.7 million to begin development of a new, National rapid assessment and response system for invasive alien plant pests in the U.S. APHIS will contribute substantially to the Department's goal of doubling agricultural exports by placing more emphasis on animal health monitoring and surveillance to strengthen the domestic and international marketability of U.S. livestock and poultry. The agency will also strengthen the Nation's pest detection and exclusion activities to reassure U.S. trade partners of the Department's commitment to pest control and thereby help maintain the market share for U.S. agricultural products. (See page 79.)
- **Expand economic and trade opportunities for agricultural producers through marketing services.** The Agricultural Marketing Service (AMS) budget includes an increase of \$1.4 million to expand foreign market news reports; increase reporting on livestock and poultry markets; and identify alternative marketing strategies for small farmers. The budget also includes an increase of \$0.6 million to continue implementation of the Organic Certification Program, provide extensive customer outreach, and develop an International Certification Program. (See page 75.)
- **Collect pesticide and microbiological data to support pest control alternatives and food safety enhancements.** For 2000, a total of \$19 million is requested for the Pesticide Data Program, including \$8.6 million in program increases above 1999. First, as part of the President's Interagency Food Safety Initiative, an increase is requested to broaden the scope of PDP to include microbiological testing of fruits and vegetables. This testing will provide a baseline of microbiological data needed to assess the risks of contamination in the U.S. food supply. USDA and other agencies will use the microbiological data to respond more quickly and effectively to food safety issues. Second, an increase is proposed to provide rapid risk assessments and to collect data for meat, poultry, eggs and drinking water. (See page 75.)

PROGRAM HIGHLIGHTS

RESEARCH, EDUCATION, AND ECONOMICS

REE programs support the development of new agricultural and forestry systems that will reduce production costs, and find new uses for crops and animal products to expand economic opportunities for farmers and ranchers. The economic and statistical data and analyses developed by REE agencies also provide information on a wide range of topics related to agricultural productivity, trade issues, and rural development. These analyses directly contribute to sound policy-making, management, and marketing decisions.

Total spending for the four REE agencies will be \$2.1 billion in 2000, an increase of 8 percent from 1999 levels. Included is \$200 million for the National Research Initiative competitive research grants program and \$120 million for the Initiative for Future Agriculture and Food Systems. This \$120 million initiative, authorized by the Agricultural Research, Extension, and Education Reform Act of 1998, is a program of direct spending for competitively-awarded research, extension, and education grants to address critical emerging issues related to food production; environmental quality and natural resources; and farm income including enhanced economic viability of smaller-scale farmers. Highlights of the REE budget include funding to:

- **Ensure the availability of environmentally acceptable pest management strategies for agricultural producers.** The Vice President has provided specific direction to the Department and to the Environmental Protection Agency to implement the Food Quality Protection Act of 1996 (FQPA), to provide a reasonable transition to new pest control methods for producers of commodities with limited pest control options. This budget provides an additional \$36 million for pest control activities, including \$25 million for REE pest control research to develop alternative pest control practices to serve as substitutes for chemical pesticides at risk of being restricted or eliminated. Emphasis will be placed on developing interim alternative pest controls for fruits and vegetable crops and on developing long-term pest management systems for all major acreage crops and minimizing pesticide residues in food products and surface and ground water. An additional \$5 million is proposed to fund a program of competitive grants for research and technology transfer of short- to intermediate-term methyl bromide replacement strategies. The budget also proposes an increase for additional research needed to develop effective means to control and eradicate invasive alien species. Research will focus on developing pest biology, impact and control technologies to be used in effective and sustainable pest management programs for weeds and other plant pests. (See page 114.)
- **Empower communities to reduce hunger through gleaning and food recovery.** The budget provides \$15.8 million in new funds for gleaning and food recovery activities to reduce hunger. Funds will provide financial and technical assistance to non-profit entities actually involved in gleaning and food recovery and will encourage the development of collaborative efforts with state and local governments, public and private entities, and educational institutions. (See page 97.)
- **Develop a scientific foundation and provide education for better human nutrition.** An increase of \$20 million is provided for ARS human nutrition research

PROGRAM HIGHLIGHTS

to develop greater understanding of the impacts of nutrition on human health and well-being, with particular emphasis on the role of nutrition in preventing bone loss, cancer and heart diseases. In addition, \$20 million is proposed to construct ARS human nutrition research labs in Davis, California and Beltsville, Maryland. An increase of \$2.3 million is proposed to continue activities to enhance nutrition education through the Expanded Food and Nutrition Education Program (EFNEP), to provide nutrition education to low-income clientele.

- **Conduct research and extension needed by agricultural producers to meet immediate and long-term challenges posed by global climate change.** REE funding in support of the U.S. Global Change Research Program (GCRP) increases by \$16 million from 1999 to 2000. Research supported with these funds would provide information needed to understand how carbon cycles through the earth system, the potential impacts of global change on the sustainability of agriculture, and the economic impacts of climate change mitigation tactics such as carbon sequestration. In addition, the budget proposes an increase of \$7 million for ARS research and demonstration projects under the Climate Change Technology Initiative. These projects will help to transfer to users the technology for predicting and adapting to climate change impacts. (See page 116.)
- **Provide research, extension and analysis related to small-scale, limited resource and socially disadvantaged producers.** The budget includes an increase for ERS to lead interagency research to assess the Department's role in providing accessible, analytically-based information on agricultural markets to small, limited resource, and socially disadvantaged farmers. Modifications of market information programs, in accordance with assessment results, could assure better customer service and increased program efficiencies. The CSREES Small Farms Program, funded at \$4 million, will provide support to Land-Grant institutions and other partners to develop research, education and extension programs to support small farms. These programs will facilitate the development of public and private sector information networks; provide support to beginning small farmers; and promote marketing and business skills of small farmers.

DEPARTMENTAL ACTIVITIES

Although few support programs have high visibility, they are, nevertheless, vital to USDA's success in providing effective customer service and efficient program delivery. An overarching principle of USDA operations is good management of our human, capital, information, and other infrastructure resources. Selected highlights include funding and actions to:

- **Ensure the achievement of the Secretary's Civil Rights goals.** Civil Rights continues to be one of the Secretary's highest priorities. There are a number of ongoing activities at the Department level and within the agencies to support this priority. In addition, the budget includes a number of proposed funding increases to support USDA civil rights activities. For example:

PROGRAM HIGHLIGHTS

- Recently, President Clinton and Secretary Glickman worked with Congress to enact new legislation that waives the statute of limitations for older discrimination cases and allows USDA to help the farmers and ranchers whose complaints were ignored or not properly processed. The budget includes additional funds for the Office of Civil Rights to process these cases in a timely manner.
- The Secretary established the National Commission on Small Farms in July 1997 to examine the status of small farms in the United States and to determine a course of action for USDA to recognize, respect, and respond to their needs. The Commission's report, *A Time to Act*, which was released last January included 8 policy goals and a comprehensive set of 146 recommendations to improve USDA service to small and beginning farmers. Many of these recommendations have already been carried out, and the budget proposes to increase funding for many of the small farms programs highlighted in the Commission's report.
- The Department's Office of Outreach was established to provide leadership and coordination for all USDA outreach activities to assure that all eligible customers have access to USDA programs and services. The budget proposes additional staffing for this office to further strengthen and expand its leadership capabilities.
- **Create a Unified System of Information Technology Management.** The appropriate application of information technology is critical to USDA's ability to deliver programs and services to the public. A strong foundation has been created within USDA to insure that information can be more readily shared across organizational lines and investment decisions are based on sound business principles. Building on this foundation, the Chief Information Officer is continuing to implement a plan to strengthen USDA's management of information technology. The budget provides an increase of \$2.4 million for the Chief Information Officer to support the following:
 - Improving the Departmentwide management and security of telecommunications;
 - Strengthening the information technology capital planning, review and evaluation processes and refining the Department-wide architecture;
 - Developing a workforce planning capacity to improve the management of the USDA information technology infrastructure; and
 - Oversight of the single information technology infrastructure and supporting organization for FFAS, and RD agencies and NRCS.
- **Improve Financial Management and Reporting.** The budget includes an increase of \$2 million for the Chief Financial Officer activities. The two primary goals are the implementation of a single, integrated financial information system, and the preparation of financial statements that warrant an unqualified audit opinion. In addition, the Chief Financial Officer coordinates the development of cost accounting

PROGRAM HIGHLIGHTS

standards and systems, modernized methods of payment and collection, implementation of the Government Performance Results Act and the Debt Collection Improvement Act of 1996, improved management of assets and receivables, and improved processes for administering grants and agreements with non-Federal organizations. The Working Capital Fund includes increases for the continued implementation of the Foundation Financial Information System project. These initiatives will provide improved information for decisionmaking and strengthen management accountability.

- **Streamline and Restructure the County Offices.** The Department has made major changes in the county-based field agencies in order to efficiently use declining resources and to improve customer service. USDA is implementing a field office streamlining plan which collocates the county-based agencies (FSA, NRCS, and RD) in one-stop USDA Service Centers. This collocation effort will result in streamlining the total number of field office locations from over 3,700 to about 2,560. All USDA Service Center agency offices throughout the country will have a common telecommunications network allowing efficient e-mail, records transfer, and voice communications to provide for better customer service.

To effectively serve the needs of farmers and others in rural America, the Secretary's streamlining plan continues beyond collocation to create a team approach to program delivery in which the partner agencies share resources in order to maximize customer service and administrative efficiency. The Department is proceeding with administrative convergence to combine three separate structures into one administrative unit. The consolidated administrative structure will:

- Deliver better services to local customers and employees;
- Help preserve limited budget resources for program delivery;
- Provide a new consistency in administrative policy and operations, such as information technology; and
- Make better use of limited administrative resources.

The budget proposes a new account, the Support Services Bureau, to provide these consolidated administrative support functions, including information technology. An appropriation of \$74 million is requested specifically to support this modernization initiative. In addition, \$16 million will be made available from CCC, and transfer authority is requested to merge the central administrative costs into this common account. (See page 107.)

INITIATIVES

INITIATIVES Program Level (Dollars in Millions)

| Initiative | 1999 Current Estimate | 2000 Budget |
|--|-----------------------------|----------------|
| Food Safety Initiative: | | |
| Food Safety and Inspection Service | \$18.5 | \$21.4 |
| Food and Nutrition Service | 2.0 | 2.0 |
| Agricultural Research Service | 69.9 | 81.6 |
| Coop., State Research, Educ. & Ext. Svc. | 24.8 | 35.8 |
| Economic Research Service | 0.9 | 1.4 |
| Agricultural Marketing Service | 0.1 | 6.3 |
| Office of the Chief Economist | 0.2 | 0.2 |
| National Agricultural Statistics Service | - - | 2.5 |
| Total, Food Safety | <u>116.4</u> | <u>151.2</u> |
| Gleaning and Food Recovery: | | |
| Coop. State Research, Educ., and Ext. Svc. | <u>0</u> | <u>15.8</u> |
| Global Change Research Program: | | |
| Agricultural Research Service | 25.9 | 34.2 |
| Coop. State Research, Educ., and Ext. Svc. | 9.6 | 16.2 |
| Economic Research Service | 0.8 | 1.8 |
| Natural Resources Conservation Service | 1.5 | 13.7 |
| Forest Service | <u>16.9</u> | <u>22.9</u> |
| Total, USGCRP | <u>54.7</u> | <u>88.8</u> |
| Climate Change Technology Initiative: | | |
| Agricultural Research Service | -- | 7.0 |
| Natural Resources Conservation Service | -- | 3.0 |
| Forest Service | <u>--</u> | <u>6.0</u> |
| Total, CCTI | <u>--</u> | <u>16.0</u> |
| Lands Legacy Initiative: | | |
| Forest Service: | | |
| Land Acquisition | 117.9 | 118.0 |
| Forest Legacy | 7.0 | 50.0 |
| Urban and Community Forestry | 30.5 | 40.0 |
| Smart Growth - Budget Authority | <u>- -</u> | <u>10.0</u> |
| Total, FS | <u>155.4</u> | <u>218.0</u> |
| Natural Resources Conservation Service: | | |
| Farmland Protection Program. | <u>- -</u> | <u>50.0 a/</u> |
| Total, Lands Legacy Initiative | <u>\$155.4</u> | <u>\$268.0</u> |

INITIATIVES

| Initiative | 1999 Current Estimate | 2000 Budget |
|--|-----------------------------|----------------|
| Clean Action Water Plan: | | |
| Agricultural Research Service | \$1.0 | \$5.0 |
| Natural Resources Conservation Service: | | |
| EQIP (mandatory) | 174.0 | 300.0 |
| Partnership Grants | 0.0 | 20.0 |
| Monitoring | 0.0 | 3.0 |
| Animal Feeding Operations Strategy | 0.0 | 20.0 |
| Total, NRCS | 174.0 | 343.0 |
| Forest Service | 280.0 | 369.0 |
| Total, Clean Water Action Plan | 455.0 | 717.0 |

a/ In addition, the budget proposes \$27.5 million in mandatory funding for the Farmland Protection Program.

INTERAGENCY FOOD SAFETY INITIATIVE

On January 25, 1997, the President announced the Interagency Food Safety Initiative. The initiative included seven components for improving the Federal food inspection system from farm-to-table. Key components include expansion of the Federal food safety surveillance system, improved coordination between Federal, State, and local health authorities, improved risk assessment capabilities, increased inspection, expanded research, consumer education, and strategic planning. In 1999, the focus of the initiative is on enhancing the safety of imported and domestic fruits and vegetables, targeted food safety education, transformation of inspection systems to HACCP, and development of scientific information and tools to control a greater range of food safety hazards. For 2000, the budget will include an increase of \$34.8 million for USDA to address a broad range of program needs, including research, improved State inspection programs, surveillance, microbiological testing, and education activities.

GLEANNING AND FOOD RECOVERY INITIATIVE

The American agricultural system is one of the most productive and efficient in the world. Nonetheless, 37 million people were living below the official poverty level in 1996, while 27 percent, or 96 billion pounds, of the 356 billion pounds of edible food available for human consumption in the U.S. were lost to human use. The budget includes \$15.8 million for new community and university based grant programs of financial and technical assistance to help Americans recover some of that abundance before it is lost and use it to help alleviate hunger and distress. The goal is to increase food recovery

INITIATIVES

by 33 percent, or 500 million pounds. This would provide approximately 500,000 needy individuals with 3 pounds of food per day.

GLOBAL CHANGE RESEARCH PROGRAM

The budget proposes an increase of \$34 million for the USDA research program on global change. Research will be aimed at investigating mitigation tactics to minimize the adverse effects of climate change on agricultural production, including effects of changes in temperature, carbon dioxide levels, and other plant stresses. Increased funds are also provided for USDA participation in the National Assessment Activities which are designed to provide a detailed understanding of the consequences of climate change for the Nation. Increases are also provided for soil surveys and inventories to provide baseline soil carbon inventories and develop a soil carbon database. Increases are also provided for studying the economic consequences of climate change, increases in the National Research Initiative Competitive Grants Program for global change, and the UV-B monitoring network. Within the total, \$10 million is provided for ARS and FS to participate in the U.S. Global Change Research Program-Carbon Cycle Science Program, to study the role of agriculture and forests in the carbon balance and ways to increase carbon storage in soils.

CLIMATE CHANGE TECHNOLOGY INITIATIVE

Increases are proposed in the budget to support the President's Climate Change Technology Initiative (CCTI) as part of the Research Fund for America. The Department is requesting \$16 million to support the initiative in 2000. Within the total increase, \$7 million will be devoted to developing technology for predicting and adapting agricultural production to global change impacts. The Forest Service will provide \$6 million for increased research on forest and rangeland carbon sequestration and the NRCS will support projects to demonstrate and test various greenhouse gas mitigation strategies and monitoring mechanisms. In total, the ARS budget includes \$7 million, the Natural Resources Conservation Service includes \$3 million, and the Forest Service research proposal includes \$6 million to support this Initiative.

LANDS LEGACY INITIATIVE

As the Nation's population and prosperity grows, there are new challenges to preserve the natural heritage and green spaces that Americans have come to treasure. The 2000 budget proposes a \$1 billion National program to protect great places and to provide the tools for localities and States to plan for smart growth and open space preservation. Of this total program \$268 million is proposed for USDA through the Forest Service (FS) and the Natural Resources Conservation Service (NRCS).

FS land acquisitions will continue to add lands valuable for recreation, wildlife habitat, and watershed protection to the national forests. The Forest Legacy Program provides funds

INITIATIVES

for the acquisition of easements on private lands to protect critical environmental habitat threatened with development. The Urban and Community Forestry Program provides grants to States and localities to establish, maintain, or expand urban and community forests and related green spaces that serve to support viable communities and neighborhoods. The new Smart Growth Partnership Program is a revolving loan program for States and municipalities to use subsidized loans for smart growth land acquisition and management. This will help communities to protect open spaces, limit sprawl, enhance air and water quality, reduce greenhouse emissions and increase greenspace. The program will be based on the Department's existing Intermediary Relending Program, in which direct loans are provided to intermediate borrowers such as State and local governments, non-profit corporations, Indian tribes and cooperatives which in turn relend the funds to land trusts, private non-profit organizations, etc.

CCC's Farmland Protection Program (FPP) is designed to forge new and enhance existing partnerships between Federal, State and local governments in sharing the costs of acquiring conservation easements. FPP provides technical, and financial assistance to State, tribal and local programs for the purchase of farmland easements on eligible lands to address wetlands, wildlife habitat, soil, water and related natural resource concerns. This program is funded through CCC and the 2000 request level is \$28 million. To support the proposed Lands Legacy Initiative, the 2000 budget proposes to provide an additional \$50 million in discretionary funding for FPP to enhance Federal support for "smart growth" programs that address urban sprawl issues, protect productive farmland and preserve open space.

CLEAN WATER ACTION PLAN

The budget proposes an increase of \$262 million for USDA Clean Water Action Plan (CWAP) activities, for a total funding level of \$717 million. In order to improve water quality on the Nation's forested lands, funding for FS programs such as the Stewardship Incentives Program, Rangeland Management, and Forest Stewardship will increase by a total of \$89 million over 1999 enacted levels. The budget also proposes an increase of \$169 million for NRCS CWAP activities such as monitoring, animal feeding operations, and partnership grants. Included in the NRCS increase is a proposal to increase funding for the Environmental Quality Incentives Program by \$100 million over currently authorized levels, to \$300 million. This additional funding will provide producers with the needed resources to address water quality issues such as waste management and grazing practices. Lastly, ARS is provided \$5 million, an increase of \$4 million over 1999 levels, to carry out research on hypoxia, pfiesteria and related problems.

FARM AND FOREIGN AGRICULTURAL SERVICES

MISSION

The mission of the Farm and Foreign Agricultural Services (FFAS) area is to ensure the well-being of U.S. agriculture through delivery of commodity, credit, conservation, insurance, and export programs. FFAS agencies include the Farm Service Agency (FSA), the Risk Management Agency (RMA), and the Foreign Agricultural Service (FAS). The Commodity Credit Corporation (CCC) is the source of funding for most of the conservation and commodity programs administered by FSA and the export programs administered by FAS.

FARM SERVICE AGENCY (FSA)

Program Level
(Dollars in Millions)

| Program | 1998 Actual | 1999 Current Estimate | 2000 Budget |
|--|-----------------|-----------------------------|-----------------|
| Farm Loan and Grant Programs | \$2,158 | \$2,828 | \$3,013 |
| Conservation and Other Programs . . . | 1,800 | 1,663 | 1,596 |
| Commodity Programs | 14,752 | 24,214 | 19,548 |
| Salaries and Expenses | 911 | 966 | 1,006 |
| Total, FSA | <u>\$19,621</u> | <u>\$29,671</u> | <u>\$25,163</u> |

FARM AND FOREIGN AGRICULTURAL SERVICES

Farm Service Agency
Farm Loan and Grant Programs
Program Level (P.L.) and Budget Authority (B.A.)
(Dollars in Millions)

| Program | 1998 Actual | | 1999 Current Estimate | | 2000 Budget | |
|--|----------------|--------------|-----------------------------|--------------|----------------|-------------|
| | P.L. | B.A. | P.L. | B.A. | P.L. | B.A. |
| Farm Operating Loans: | | | | | | |
| Guaranteed Unsubsidized . . . | \$754 | \$9 | \$1,098 | \$13 | \$1,698 | \$24 |
| Guaranteed Subsidized | 226 | 22 | 357 | 31 | 97 | 9 |
| Direct | 557 | 37 | 734 | 50 | 500 | 29 |
| Total, Operating Loans . . . | 1,537 | 68 | 2,189 | 94 | 2,295 | 62 |
| Farm Ownership Loans: | | | | | | |
| Guaranteed Unsubsidized . . . | 424 | 16 | 425 | 7 | 432 | 2 |
| Direct | 84 | 11 | 86 | 13 | 128 | 5 |
| Total, Ownership Loans . . . | 508 | 27 | 511 | 20 | 560 | 7 |
| Emergency Loans | 59 | 14 | 25 | 6 | 53 | 8 |
| Indian Land Acquisition Loans . | 1 | a/ | 1 | a/ | 1 | a/ |
| Credit Sales of Acquired Property | 11 | 1 | 0 | 0 | 0 | 0 |
| Boll Weevil Eradication | 40 | a/ | 100 | 1 | 100 | 0 |
| Subtotal, Farm Credit Programs | 2,156 | 110 | 2,826 | 121 | 3,009 | 77 |
| State Mediation Grants | 2 | 2 | 2 | 2 | 4 | 4 |
| Total, Farm Loan and Grant Programs | <u>\$2,158</u> | <u>\$112</u> | <u>\$2,828</u> | <u>\$123</u> | <u>\$3,013</u> | <u>\$81</u> |

a/ Less than \$0.5 million.

Demand for the farm loan and grant programs will likely remain very strong given the continuing economic stress in the agricultural sector. Small-scale farmers in particular generally do not have the resources to handle unforeseen economic stresses, and the Department has made a commitment to provide credit assistance to small farmers, many of whom are minority and beginning farmers. Favorable interest rates will allow more guaranteed loans to be made without an increase in the Government subsidy, and more borrowers to be served through guaranteed loans than direct loans. Favorable interest rates also reduce significantly the subsidy cost of the program, from \$121 million in 1999 to \$77 million in 2000 despite an \$183 million overall increase in the loan level. The share of direct loans made at the reduced interest rate for limited resource borrowers

FARM AND FOREIGN AGRICULTURAL SERVICES

would be continued at current levels, about 38 percent for farm ownership loans and about 47 percent for farm operating loans.

The budget provides \$2.3 billion in direct and guaranteed farm operating loans, about \$100 million more than in 1999. The proposed loan level for direct farm operating loans is \$500 million in 2000, the statutory limit. The 2000 funding level for direct and guaranteed farm operating loans will serve an estimated 20,000 beginning and small farmers, about 12,000 of whom will receive direct loans.

For farm ownership loans, the 2000 budget provides for increased loan levels for both direct and guaranteed loans. The direct loan level would be increased from \$86 million to \$128 million, significantly more than the \$85 million level recommended by the Secretary's Civil Rights Action Team. This reflects Secretary Glickman's commitment to improve the opportunities for beginning and small farmers and, in particular, members of socially disadvantaged groups. The program level for guaranteed loans would be increased to about \$432 million from \$425 million in 1999. In terms of people served, this means that 4,000 beginning and small farmers will be given an opportunity to either acquire their own farm or to save an existing one, 600 more than in 1999. Of those served, about 1,500 will receive direct loans and the rest will receive guarantees.

The budget also provides funding for the emergency loan, Indian acquisition, credit sales, and boll weevil eradication programs. The request for emergency loans is increased to \$53 million. Legislation will be proposed to close the eligibility gap between disaster loans provided by USDA and the Small Business Administration, to ensure a seamless Federal emergency loan availability. In addition, funding for State mediation grants is increased from \$2 million in 1999 to \$4 million in 2000. Mediation benefits family farmers, including many low income and socially disadvantaged farmers, who, because of mediation, are often able to resolve credit and other issues and remain on the farm. This program also supports the Vice President's National Performance Review initiative to achieve savings through the use of alternative dispute resolution. The increased funding will be used to support mediation programs in the 21 States certified in 1998, as well as any additional states which gain certification by 2000. Several States have expressed interest in establishing new programs or expanding their existing programs to include the mediation of other agricultural issues in addition to credit disputes.

FARM AND FOREIGN AGRICULTURAL SERVICES

Farm Service Agency
Conservation and Other Programs
Program Level
(Dollars in Millions)

| Program | 1998 Actual | 1999 Current Estimate | 2000 Budget |
|--|----------------|-----------------------------|----------------|
| Conservation Reserve Program | \$1,760 | \$1,576 | \$1,596 |
| Emergency Conservation Program . . . | 29 | 84 | 0 |
| Tree Assistance Program | 11 | 3 | 0 |
| Total, Conservation Programs . . . | <u>\$1,800</u> | <u>\$1,663</u> | <u>\$1,596</u> |

Conservation Reserve Program (CRP). The CRP is a CCC program administered by FSA. The CRP offers producers annual rental payments for a 10- to 15-year period to remove highly erodible cropland and other environmentally sensitive land from production. Participants also receive cost-share help to establish long-term resource-conserving cover. About 30.3 million acres were enrolled in the program at the end of fiscal year 1998.

The 1996 Farm Bill authorized funding for CRP from CCC and provided for new signups through 2002 to increase enrollment to a total of 36.4 million acres. The 15th signup, conducted in March 1997, was the first major signup since 1996 and the largest CRP signup ever. CCC accepted about 17 million acres of the 23 million acres offered for enrollment. In the 16th signup, conducted in October and November 1997, CCC accepted about 6 million acres of the 9 million acres that were offered for enrollment. The 2000 budget assumes 5.8 million acres will be accepted in the 18th signup, conducted in October through early December 1998. As in past signups, acreage offered for enrollment in the 18th signup was ranked using an environmental benefits index to protect the Nation's natural resource base.

In addition to these scheduled signups, a continuous, non-competitive signup has been underway since September 1996 to enroll land in filter strips, riparian buffers, and similar conservation practices. Acreage enrolled under the continuous signup includes enrollment under the Conservation Reserve Enhancement Program and the National Conservation Buffer Initiative, programs which are designed to target program benefits to achieve specific local and regional conservation goals.

FARM AND FOREIGN AGRICULTURAL SERVICES

The 2000 budget assumes acreage enrolled under these signups will bring CRP enrollment to about 31.1 million acres in 1999, to 34.4 million acres in 2000, and to an eventual enrollment of 36.4 million acres by 2002.

Emergency Conservation Program (ECP). Under this program, the Department shares the cost of carrying out practices to assist and encourage farmers to rehabilitate farmland damaged by natural disasters. In particular, it addresses those problems which if left untreated would: 1) impair or endanger the land; 2) materially affect the productive capacity of the land; 3) be so costly to rehabilitate that Federal assistance would be required to return the land to productive agricultural use; and 4) represent damage that is unusual in character and not the type which would recur frequently in the same area. Supplemental appropriations provided a total of \$34 million for the ECP program in 1998. No funds have been appropriated to date for the program in 1999, and the budget proposes no funding for the program in 2000.

Tree Assistance Program (TAP). TAP provides cost-share payments to orchard and vineyard growers who replant or rehabilitate orchard trees and vineyards lost to damaging weather, including freeze, excessive rainfalls, floods, droughts, tornadoes, and earthquakes. Trees used for pulp and/or timber are excluded from eligibility for cost-share payments. The 1998 Supplemental Appropriations and Rescissions Act, P.L. 105-174, provided \$14 million for TAP, of which \$3 million remains available for use in 1999.

FARM AND FOREIGN AGRICULTURAL SERVICES

Farm Service Agency Commodity Program Outlays (Dollars in Millions)

| Program | 1998 Actual | 1999 Current Estimate | 2000 Budget |
|-------------------------------|----------------|-----------------------------|----------------|
| Commodity: | | | |
| Feed Grains | \$3,354 | \$5,716 | \$3,566 |
| Wheat | 2,187 | 2,918 | 1,291 |
| Rice | 491 | 707 | 433 |
| Upland Cotton | 1,132 | 1,629 | 781 |
| Tobacco | 376 | -254 | -143 |
| Dairy | 291 | 435 | 528 |
| Soybeans | 139 | 450 | 2,339 |
| Peanuts | -11 | 1 | <u>a/</u> |
| Sugar | -30 | -48 | -41 |
| Honey | <u>a/</u> | 1 | -1 |
| Wool and Mohair | <u>a/</u> | 6 | -6 |
| Other Crops | 49 | 63 | 112 |
| Subtotal | \$7,978 | \$11,624 <u>b/</u> | \$8,859 |
| Disaster Assistance | 3 | 2,632 | 4 |
| Working Capital | -36 | 250 | 250 |
| Other <u>c/</u> | -54 | 127 | 174 |
| Total, Commodity Programs . . | <u>\$7,891</u> | <u>\$14,633</u> | <u>\$9,287</u> |

a/ Less than \$0.5 million.

b/ Includes \$3 billion in marketing loss assistance payments for feed grains, wheat, rice, upland cotton and dairy.

c/ Includes interest and operating expenses, reimbursable agreements, equipment, and an adjustment for Food for Progress commodity purchases.

Commodity loan and income support programs are administered by FSA and financed through CCC. These commodity programs were changed dramatically by provisions of the 1996 Farm Bill. In the past, deficiency payments for producers of feed grains, wheat, upland cotton and rice (contract commodities) were tied to market prices and decreased when market prices were high and increased when market prices were low. The 1996 Farm Bill replaced deficiency payments with fixed production flexibility contract payments. The production flexibility contract payments, based on historical program acreage and

FARM AND FOREIGN AGRICULTURAL SERVICES

yields, are set by law for each of the 7 years, from 1996-2002, and do not vary with market prices or current plantings. About 98 percent of the eligible crop acreage base has been enrolled in production flexibility contracts.

The CCC marketing assistance loan programs for contract commodities and oilseeds have provided producers with some protection against sharp declines in market prices in 1997 and 1998. Marketing assistance loan placements are projected to double between 1997 and 2000, and marketing loan gains and loan deficiency payments are projected to increase from negligible levels to nearly \$3.5 billion in the same period.

The 1999 appropriations legislation provided nearly \$5.7 billion in emergency assistance to help farmers manage through some of the lowest commodity prices in many years. The emergency funding included \$3.1 billion for market loss payments and nearly \$2.6 billion to compensate farmers for crop and livestock losses. Included in funding for the crop loss assistance is \$400 million in incentive payments for farmers purchasing crop insurance on 1999 crops. The incentive payments underscore the importance of crop insurance programs that will help farmers better manage production risk in the future. The Noninsured Assistance Program (NAP), administered by FSA and funded through CCC, will continue to provide assistance to producers with losses on crops for which insurance is unavailable.

The 1996 Farm Bill also modified CCC loan program provisions for dairy, sugar, and peanuts. Dairy marketing orders are being reformed and consolidated and the price support program will be replaced in fiscal year 2000 with a recourse loan program. With respect to sugar, loan forfeiture fees were imposed, marketing assessments were increased, and marketing allotments were suspended. The peanut program was made no-net-cost (program costs may not exceed program receipts), the minimum national peanut poundage quota was eliminated, and the quota loan rate was reduced. In addition, appropriations legislation for 1999 provided for recourse loan programs for mohair and for the 1998 crop of honey. A new increased tobacco marketing assessment, which replaces the current assessment expiring at the end of the 1998 crop year, is also proposed in the 2000 budget.

Salaries and Expenses. FSA's salaries and expenses account funds all management related activities for FSA programs. FSA also provides administrative support to FAS and to the Risk Management Agency (RMA) under a reimbursable agreement.

The 2000 budget proposes a program level of \$1,006 million estimated to support a ceiling of 5,745 Federal staff years and 10,048 non-Federal county staff years. The total program level includes appropriated funds and transfers.

FARM AND FOREIGN AGRICULTURAL SERVICES

Farm Service Agency Commodity Credit Corporation (Dollars in Millions)

| Program | Program Levels | | Net Outlays | |
|------------------------------------|----------------|----------|-------------|----------|
| | FY 1999 | FY 2000 | FY 1999 | FY 2000 |
| Commodity Programs: | | | | |
| Price Support and Marketing | | | | |
| Assistance Loans | \$8,813 | \$10,524 | \$55 | \$982 |
| Production Flexibility Contracts . | 5,544 | 5,042 | 5,544 | 5,042 |
| Loan Deficiency Payments | 1,804 | 2,713 | 1,804 | 2,713 |
| Market Loss Assistance Pymts . | 3,058 | 0 | 3,058 | 0 |
| Noninsured Assistance Payments | 67 | 89 | 67 | 89 |
| Disaster Assistance | 2,632 | 4 | 2,632 | 4 |
| Other Direct Payments | 288 | 10 | 288 | 10 |
| Purchases and Sales | 1,314 | 526 | 634 | -69 |
| Interest Expenditures | 411 | 450 | 152 | 181 |
| Other | 283 | 190 | 399 | 335 |
| Total, Commodity Programs . . | 24,214 | 19,548 | 14,633 | 9,287 |
| Conservation Programs: | | | | |
| CRP Program Payments | 1,508 | 1,578 | 1,508 | 1,578 |
| Environmental Quality Incentives | 174 | 300 | 121 | 160 |
| Wetlands Reserve Program . . . | 128 | 201 | 179 | 214 |
| Farmland Protection Program . . | 0 | 28 | 9 | 10 |
| Total, Conservation Programs | 1,810 | 2,107 | 1,817 | 1,962 |
| Export Programs: | | | | |
| Export Credit | 4,721 | 4,506 | 440 | 473 |
| Market Access Program | 90 | 90 | 89 | 91 |
| Foreign Market Development | | | | |
| Cooperator Program | a/ | 28 | a/ | 28 |
| Quality Samples Program | 0 | 2 | 0 | 2 |
| Export Enhancement Program . | 550 | 494 | 550 | 494 |
| Dairy Export Incentive Program . | 102 | 99 | 115 | 100 |
| Section 416(b) Donations b/ . . . | 678 | 3 | 649 | 33 |
| Food for Progress Program | 133 | 91 | 136 | 112 |
| Other | 20 | 20 | 21 | 21 |
| Total, Export Programs | 6,294 | 5,333 | 2,000 | 1,354 |
| Subtotal, CCC | 32,318 | 26,988 | 18,450 | 12,603 |
| Pre-credit Reform Loan | | | | |
| Repayments | 0 | 0 | -246 | -240 |
| Total, CCC | \$32,318 | \$26,988 | \$18,204 | \$12,363 |

a/ Funded through FAS appropriation in 1999.

b/ Value of commodities to be made available under 416(b) are included under purchases and sales.

CCC is the source of funding for commodity programs administered by FSA, conservation programs administered by FSA and NRCS, and export programs administered by FAS.

FARM AND FOREIGN AGRICULTURAL SERVICES

CCC borrows funds needed to finance these programs from the U.S. Treasury and repays the borrowings, with interest, from receipts and from appropriations provided by Congress.

Changes over the last decade in commodity, disaster, and conservation programs have dramatically changed the level, mix, and variability of CCC outlays. CCC outlays, which reached a record high of \$26 billion in 1986, are projected to increase from \$10 billion in 1998 to \$18 billion in 1999, and then to decline again to about \$12 billion in 2000. The increase in spending between 1998 and 1999 is accounted for by higher loan program outlays, expenditures related to the President's Food Aid Initiative, and by emergency spending authorized in the disaster supplemental enacted with appropriations for fiscal year 1999. Outlays for emergency spending authorized in the appropriations legislation totaled nearly \$5.7 billion, including \$3.1 billion for market loss payments, \$2.4 billion to compensate producers for crop losses, and \$0.2 million for livestock feed assistance. In fiscal year 2000, commodity program outlays account for about three-fourths of total CCC outlays, with production flexibility contract payments and loan deficiency payments accounting for nearly all of the commodity program outlays.

Conservation program outlays represent the second largest major category of CCC expenditures. The 1996 Farm Bill authorized CCC funding for CRP administered by FSA and the Wetlands Reserve Program (WRP) and several new conservation programs administered by NRCS. The Agricultural Conservation Program, the Colorado River Basin Salinity Control Program, the Water Quality Incentives Program, and the Great Plains Conservation Program were replaced by the Environmental Quality Incentives Program (EQIP). EQIP and the Conservation Farm Option (CFO) give producers incentives to create long-term comprehensive farm plans. The Farmland Protection Program provides for the purchase of easements limiting nonagricultural uses on prime and unique farmland.

Finally, provisions of the Commodity Credit Corporation Charter Act limit CCC expenditures for computer equipment and cap at the 1995 level total allotments and transfers to State and Federal agencies under Section 11 of that Act for administrative support services.

Approximately \$16 million remaining under the limit on CCC expenditures for computer equipment will be transferred in 2000 to a central account for the Support Services Bureau in order to fund the implementation of the Service Center Modernization Initiative for the county-based agencies (FSA, NRCS, and RD). In addition, the Department will propose legislation to raise the limit on CCC expenditures for computer equipment by a total of \$105 million for the period 2000 through 2002. The increase in the multi-year cap will cover a portion of FSA's computer operations and maintenance costs for the farm programs, and will be offset by an equivalent reduction in authorized spending for the Export Enhancement Program (EEP). Additional reductions in EEP will be proposed to offset increased spending for the Environmental Quality Incentives Program, the Cooperator Program, and the Quality Samples Program.

FARM AND FOREIGN AGRICULTURAL SERVICES

RISK MANAGEMENT AGENCY (RMA)

| Crop Insurance Program Program Level (Dollars in Millions) | | | |
|--|----------------|-----------------------------|----------------|
| Program | 1998 Actual | 1999 Current Estimate | 2000 Budget |
| Net Indemnities to Producers: | | | |
| Gross Indemnities | \$1,394 | \$1,980 | \$2,084 |
| Producer-Paid Premium | -928 | -905 | -954 |
| Total, Net Indemnities | 466 | 1,075 | 1,130 |
| Administrative/Delivery and Other Expenses | 902 | 596 | 635 |
| Total, Government Cost | <u>1,368</u> | <u>1,671</u> | <u>1,765</u> |
| Recap: | | | |
| Mandatory Program Level: | | | |
| Delivery Expenses | \$240 | \$401 | \$426 |
| Other Federal Expenses | -3 | 4 | 4 |
| Dairy Options Pilot Program | 1 | a/ | a/ |
| Indemnities | 1,394 | 1,980 | 2,084 |
| Total, Mandatory Program Level .. | 1,632 | 2,385 | 2,514 |
| Discretionary Program Level: | | | |
| Administrative and Operating Expenses | 63 | 64 | 71 |
| Delivery Expenses | 189 | b/ | b/ |
| Total, Discretionary Program Level | 252 | 64 | 71 |
| Subtotal, Program Level | 1,884 | 2,449 | 2,585 |
| Less: Producer Premium | -928 | -905 | -954 |
| Underwriting Gains | 412 | 127 | 134 |
| Total Government Costs | <u>\$1,368</u> | <u>\$1,671</u> | <u>\$1,765</u> |
| Loss Ratio | .95 | 1.075 | 1.075 |

a/ Funding is provided through CCC.

b/ The Agricultural Research, Extension and Education Reform Act of 1998, P.L. 105-185, authorizes these expenses to be paid from the mandatory FCIC fund.

The primary responsibility of the Risk Management Agency (RMA) is to administer the crop insurance program. The program provides about \$26 billion in risk protection on about 187 million acres. About one-third of the insured acres is covered at the catastrophic (CAT) level which is 50 percent of approved yield at 55 percent of expected market price. This coverage is available to producers for a modest processing fee, with the Government providing a 100 percent subsidy of the premium cost. Most of the remaining two-thirds of insured acres is covered at a level of 65 percent of approved yield

FARM AND FOREIGN AGRICULTURAL SERVICES

and 100 percent of expected market price, for which producers pay about 60 percent of the premium. The crop insurance program also offers coverage up to 80 percent of approved yield and, in recent years, revenue insurance products that combine the risk of loss from price declines as well as production shortfalls. Approximately 63 percent of insurable farmland will be covered by crop insurance in 1999, about the same level as 1998, with over 1.3 million policies in force.

The program, which is shown as mandatory spending in the budget, is administered on behalf of the Federal Crop Insurance Corporation (FCIC) which is an entity subject to a Board of Directors composed of both Government and private sector members. The Board makes decisions relating to the scope and provisions of the program that have an impact on the budget. For example, it approves requests for program expansions, such as the recent development of revenue insurance products.

Crop insurance is delivered to producers through private insurance companies that share in the risk of loss. These companies are reimbursed for their delivery expenses and may receive underwriting gains for favorable loss experience.

RMA provides overall support, including actuarial and research work, program compliance, and risk management education. In addition to the headquarters in Washington, D.C., the agency maintains an office in Kansas City, Missouri, where most of its staff are located, and regional offices. The agency's salaries and expenses are reflected as discretionary spending in the budget. For fiscal year 2000, \$71 million is being requested for this purpose, an increase of nearly \$7 million over fiscal year 1999 to provide support for the Administration initiative to improve program performance. Of this increase, \$3 million is to help continue efforts to inform producers about risk management tools and alternatives. Another \$2 million would expand research and development to create and implement programs which would cover more crops or expand the range of programs offered to existing crops.

All other program costs, including premium subsidy and delivery expenses, are paid out of the FCIC Fund which is a mandatory spending account, although subject to the appropriation process. Because these costs are subject to variations in the level of participation and yearly loss experience, the appropriation request is for "such sums as necessary."

The crop insurance program was reformed in 1994 with the expectation that it would be the primary source of disaster assistance. Since then, program participation has been increased, loss experience has been favorable, new insurance products have been developed, and the need for *ad hoc* disaster assistance has been alleviated. However, certain program limitations were exposed in 1998. Repeated disasters, especially in the Great Plains, resulted in coverage levels that provided a producer with less than adequate protection during sustained serious disasters, while prices declined. This led to the enactment of emergency relief for both disaster and price losses in the form of a 1999 supplemental appropriation. The Administration supported the enactment of that legislation, but remains committed to the concept of providing risk protection through an

FARM AND FOREIGN AGRICULTURAL SERVICES

insurance program rather than *ad hoc* payment assistance. Efforts will be undertaken to resolve program weaknesses through administrative action, to make needed legislative changes, and to encourage producers through risk management education and outreach efforts to participate more fully in the program.

FARM AND FOREIGN AGRICULTURAL SERVICES

FOREIGN AGRICULTURAL SERVICE (FAS)

International Programs and Activities Program Level (Dollars in Millions)

| Program | 1998 Actual | 1999 Current Estimate | 2000 Budget |
|---|----------------|-----------------------------|----------------|
| CCC Export Credit Guarantees: | | | |
| Short-term Guarantees (GSM-102) .. | \$3,963 | \$4,431 | \$4,216 |
| Intermediate-term Guarantees (GSM-103) | 56 | 100 | 100 |
| Supplier Credit Guarantees | 18 | 145 | 145 |
| Facilities Financing Guarantees | 0 | 45 | 45 |
| Total, Export Credit Guarantees .. | 4,037 | 4,721 | 4,506 |
| Market Access Program | 90 | 90 | 90 |
| Export Enhancement Program | 2 | 550 | 494 |
| Dairy Export Incentive Program | 110 | 102 | 99 |
| Foreign Food Assistance: | | | |
| Public Law 480 | 1,138 | 1,932 <u>a/</u> | 987 |
| Section 416(b) Donations (Ocean Freight and Overseas Distribution Costs) | <u>b/</u> | 678 <u>c/</u> | 3 |
| Food for Progress <u>d/</u> | 111 | 133 | 91 |
| Total, Foreign Food Assistance ... | 1,249 | 2,743 | 1,081 |
| FAS Salaries and Expenses (Including Cooperator and Quality Samples Programs) | 209 | 200 | 204 |
| Total, International Programs ... | <u>\$5,697</u> | <u>\$8,406</u> | <u>\$6,474</u> |

a/ Includes \$850 million of assistance for Russia.

b/ Less than \$0.5 million.

c/ Does not include the costs of approximately \$695 million of wheat/wheat products being purchased by CCC under its surplus removal authority and subsequently being made available for donation overseas under section 416(b) of the Agricultural Act of 1949.

d/ Includes only that portion of Food for Progress programming supported by CCC funds.

FARM AND FOREIGN AGRICULTURAL SERVICES

The Foreign Agricultural Service (FAS) administers a variety of export promotion, food assistance, and foreign market development programs. These activities are instrumental for achieving a primary objective of the Department's strategic plan -- the expansion of global market opportunities for U.S. agricultural producers. Changes in Federal farm policy have made U.S. farmers and ranchers more dependent upon exports to maintain and expand their income, and more vulnerable to shifting conditions in international markets. By helping to maximize export sales opportunities, the export programs help to stabilize prices and incomes and thereby contribute to a greater safety net for U.S. producers.

CCC Export Credit Guarantee Programs. Under these programs, CCC provides payment guarantees for the commercial financing of U.S. agricultural exports. These programs facilitate exports to buyers in countries where credit is necessary to maintain or increase U.S. sales, but where financing may not be available without CCC guarantees.

In response to the financial crisis in Asia and elsewhere, the programming of export credit guarantees was expanded substantially in 1998 in order to maintain access for U.S. agricultural products to those markets. Sales registrations under the guarantee programs exceeded \$4.0 billion in 1998, an increase of 40 percent over the previous year. This higher level of programming is expected to continue in 1999 and 2000 as well. The budget includes a projected overall program level of \$4.7 billion for export credit guarantees in 1999 and \$4.5 billion for 2000.

Of the total program level for export credit guarantees expected to be issued by CCC in 2000, \$4.2 billion will be made available under the GSM-102 program, which provides guarantees on commercial export credit extended with short-term repayment terms (up to 3 years), and \$100 million will be made available under the GSM-103 program, which provides intermediate-term credit guarantees (3 to 10 year repayment terms).

For supplier credit guarantees, the budget includes an estimated program level of \$145 million for 2000. Under this credit activity, CCC guarantees payments due from importers under short-term financing (up to 180 days) that exporters extend directly to the importers for the purchase of U.S. agricultural products. This credit activity is particularly useful in facilitating sales of high value agricultural products.

The budget also includes an estimated program level of \$45 million for facility financing guarantees in 2000. Under this activity, CCC provides guarantees to facilitate the financing of manufactured goods and services exported from the United States to improve or establish agriculture-related facilities in emerging markets. By supporting such facilities, these guarantees enhance sales of U.S. agricultural products to countries where demand may be constricted due to inadequate storage, processing, or handling capabilities.

The budget continues the approach adopted in last year's budget for presenting the annual program levels, budget authority, and outlays for the export credit guarantee programs. These estimates now reflect the actual level of sales expected to be registered

FARM AND FOREIGN AGRICULTURAL SERVICES

under the programs for which CCC guarantees will be issued rather than authorized program levels. The actual level of guarantees to be issued during the course of the year will not be limited by the budget estimates; instead, the annual level of programming will be determined by program demand, market conditions, and other relevant factors, similar to other CCC-funded programs.

Market Development Programs. FAS administers a number of programs which support the development, maintenance, and expansion of commercial export markets for U.S. agricultural commodities and products. The largest of these is the Market Access Program (MAP). Under this program, CCC funds are used to reimburse participating organizations for a portion of the costs of carrying out overseas marketing and promotional activities, such as direct consumer promotions. Historically, more than 80 percent of MAP funding has been devoted to building export markets for U.S. high value agricultural products. MAP participants include nonprofit agricultural trade organizations, State regional trade groups, cooperatives, and private companies which qualify as small business concerns under the Small Business Act. The budget provides funding for MAP in 2000 at the maximum authorized level of \$90 million, unchanged from 1999.

Under the Foreign Market Development Cooperator Program, cost-share assistance is provided to nonprofit commodity and agricultural trade associations to support overseas market development activities which are designed to remove long-term impediments to increased U.S. trade. These activities include technical assistance, trade servicing, and market research. Unlike MAP, Cooperator Program activities are carried out on a generic commodity basis and do not include brand-name or consumer promotions.

The budget proposes that, beginning in 2000, funding for the Cooperator Program will be provided through CCC. Proposed legislation will be submitted in conjunction with the budget to authorize annual CCC funding of \$27.5 million for the program. This proposal is consistent with section 5(f) of the CCC Charter Act which authorizes the use of CCC funds for export promotion and market development activities. Program funding for other market development activities carried out by FAS, including MAP, is already provided through CCC. This change would consolidate the source of funding and financial management activities for these various programs. In addition, by providing CCC funding, the proposal would provide stability for future program activities and would thereby enhance long-term planning by program participants.

The budget also proposes a new market development activity, the Quality Samples Program. Under this initiative, samples of U.S. agricultural products will be provided to foreign importers in order to promote a better understanding and appreciation of their high quality. Similar to the Cooperator Program, the Quality Samples Program will be carried out through commodity organizations and agricultural trade associations. The budget proposes annual funding of \$2.5 million for this program through CCC.

Export Subsidy Programs. The Department currently has two export subsidy programs: the Export Enhancement Program (EEP) and Dairy Export Incentive Program (DEIP).

FARM AND FOREIGN AGRICULTURAL SERVICES

Under these programs, bonus payments are made available to exporters of U.S. agricultural commodities to enable them to be price competitive and thereby make sales in targeted overseas markets where competitor countries are making subsidized sales.

EEP programming has been limited in recent years due to world supply and demand conditions, and no bonuses were awarded through the first quarter of 1999. For 2000, proposed legislation will be submitted with the budget to limit EEP programming to \$494 million, a reduction of \$85 million from the level currently authorized by the Agricultural Trade Act of 1978. This limitation is being proposed in order to provide "PAYGO" offsets to meet the costs of a number of high priority initiatives proposed in the budget which will increase mandatory spending for agricultural programs. Although the proposal would limit the authorized level of EEP programming, the program will remain in place and the awarding of bonuses could be resumed should market conditions warrant.

For DEIP, the budget assumes a level of program activity for 2000 which is largely unchanged from 1999. The actual level of DEIP programming will be determined by market conditions in 2000, subject to the Uruguay Round Agreement subsidy reduction commitments.

FARM AND FOREIGN AGRICULTURAL SERVICES

Foreign Agricultural Service Public Law 480 Food Assistance Programs Program and Tonnage Levels

| Program | 1998 Actual | 1999 Current Estimate | 2000 Budget |
|--|----------------|-----------------------------|----------------|
| Title I Credit Sales: | | | |
| Dollars in Millions | \$252 | \$1,070 <u>a/</u> | \$150 |
| Million Metric Tons Grain Equivalent . | 1.3 | 2.8 <u>b/</u> | 0.8 |
| Title II Donations: | | | |
| Dollars in Millions | 861 | 837 | 837 |
| Million Metric Tons Grain Equivalent | 2.2 | 2.4 | 2.4 |
| Title III Grants: | | | |
| Dollars in Millions | 25 | 25 | 0 |
| Million Metric Tons Grain Equivalent . | 0.1 | 0.2 | 0.0 |
| Total, P.L. 480 Programs: | | | |
| Dollars in Millions | \$1,138 | \$1,932 | \$987 |
| Million Metric Tons Grain Equivalent . | 3.6 | 5.4 | 3.2 |

a/ Includes \$850 million of assistance for Russia to be provided under P.L. 480 Title I and Title I-funded Food for Progress agreements.

b/ Includes 1.8 million metric tons of assistance for Russia.

Public Law 480 (P.L. 480). Also referred to as Food for Peace, P.L. 480 is the primary means by which the United States provides foreign food assistance. This assistance is provided through three separate program authorities.

Title I of P.L. 480 provides for sales of U.S. agricultural commodities to developing countries and private entities through concessional financing. In allocating assistance to be provided under the Title I program, priority is given to agreements which provide for the export of U.S. agricultural commodities to those developing countries which have demonstrated the potential to become commercial markets, are undertaking measures to improve their food security and agricultural development, and demonstrate the greatest need for food. The Title I program is administered by FAS.

Title II provides for donations of humanitarian food assistance to needy people in foreign countries in response to malnutrition, famine, and other extraordinary relief requirements. The assistance is provided primarily through private voluntary organizations, cooperatives, or international organizations, including the World Food Program of the United Nations.

FARM AND FOREIGN AGRICULTURAL SERVICES

In the case of donations made in response to emergency needs, Title II assistance can also be provided through government-to-government agreements. The Title II program is administered by the Agency for International Development (AID).

Title III provides food assistance on a grant basis to least developed countries through government-to-government agreements. The donated commodities may be sold in the domestic market of the recipient countries, and the revenue generated from the sale is used to support programs of economic development. The Title III program is also administered by AID.

The P.L. 480 budget estimates for 1999 have been adjusted to reflect the package of food assistance for the Russian Federation, which was announced on November 6, 1998. The package includes an estimated \$850 million of assistance which will be provided through Title I concessional financing agreements and Food for Progress grant agreements carried out with Title I funds. To meet the estimated costs of these agreements, \$726 million of CCC funds is being transferred to the P.L. 480 Title I program for this purpose. Once fully implemented, the agreements are expected to support the export of 1.8 million metric tons of U.S. food commodities.

For 2000, the budget includes a total program level for P.L. 480 food assistance of \$987 million, which is expected to provide approximately 3.2 million metric tons of commodity assistance. In a change from past years, the budget requests no specific level of funding for Title III grants; however, current authorities provide that up to 15 percent of the funds of any title of P.L. 480 may be transferred to carry out any other title. This authority provides flexibility for program managers to determine the appropriate level of resources for the individual P.L. 480 programs and thereby enhances the U.S. response to changing world food needs.

Section 416(b) Donations. Section 416(b) of the Agricultural Act of 1949 authorizes the donation of surplus CCC-owned commodities in order to carry out programs of assistance in developing and other, friendly countries. Commodities eligible for donation include those which have been acquired by CCC through price support operations or otherwise acquired in the normal course of its operations and which are excess to domestic program requirements.

Donations under section 416(b) authority are expected to be at a record level in 1999 as a result of the Food Aid Initiative announced by the President on July 18, 1998. Under this initiative approximately 5 million metric tons of wheat and wheat products will be made available for donation overseas through agreements with foreign governments, private voluntary organizations, and the World Food Program. This includes just over 1.5 million metric tons to be provided to Russia as part of the package of U.S. food assistance. The wheat and wheat products which are being donated under the Food Aid Initiative are being acquired by CCC under its surplus removal authority, following a determination by the Secretary of Agriculture that the United States is experiencing a surplus wheat situation.

FARM AND FOREIGN AGRICULTURAL SERVICES

The total estimated value of the assistance to be provided under section 416(b) authority during 1999 is \$1.47 billion. Of this, approximately \$1.37 billion is associated with the President's Food Aid Initiative, including approximately \$695 million for the value, including processing, of the wheat and products and \$678 million for associated ocean freight, and overseas distribution costs.

The budget assumes a much lower level of commodity donations will be made under section 416(b) authority in 2000. At present, the total value of this assistance is projected to be \$49 million, including \$45 million for the value, including processing, of commodities to be supplied from CCC inventory and \$3 million for estimated ocean freight and distribution costs.

Food for Progress. Under this program, U.S. agricultural commodities are provided to developing countries and emerging democracies which have made commitments to introduce and expand free enterprise in their agricultural economies. Food for Progress agreements can be entered into with foreign governments, private voluntary agencies, nonprofit agricultural organizations, cooperatives, or intergovernmental organizations. Agreements may provide for the commodities to be supplied on either long-term credit or grant terms.

P.L. 480 Title I funds may be used for the procurement and transportation costs of the commodities. Alternatively, CCC-owned commodities may be made available under the authority of section 416(b) of the Agricultural Act of 1949 or CCC may purchase commodities if not in its inventory, with transportation and other non-commodity expenses paid with CCC funds.

The authorizing statute for Food for Progress limits annual programming to not more than 500,000 metric tons and limits CCC funding for the non-commodity costs (e.g., transportation) of programming to \$30 million per year. However, the limitation on non-commodity costs has been increased to \$35 million for 1999 by a provision of the 1999 Agriculture Appropriations Act, which will facilitate additional commodity programming. The budget assumes that approximately \$133 million of CCC funds will be used to support Food for Progress programming in 1999 and \$91 million in 2000.

FARM AND FOREIGN AGRICULTURAL SERVICES

Foreign Agricultural Service Salaries and Expenses (Dollars in Millions)

| Program | 1998 Actual | 1999 Current Estimate | 2000 Budget |
|--|----------------|-----------------------------|----------------|
| Market Access | \$26 | \$26 | \$26 |
| Market Development, Promotion, and Outreach | 65 | 65 | 39 <u>a/</u> |
| Market Intelligence | 23 | 23 | 24 |
| Financial Marketing Assistance | 9 | 9 | 9 |
| Long-term Market and Infrastructure Development | 16 | 17 | 17 |
| Total, Appropriated Programs | 139 | 140 | 115 |
| Emerging Markets Program Funded by CCC | 10 | 10 | 10 |
| CCC Computer Facility and Other IRM Costs Funded by CCC | 10 | 10 | 10 |
| Development Assistance Programs Funded by AID and Other Organizations | 46 | 37 | 37 |
| Other Reimbursable Agreements | 4 | 3 | 2 |
| Total Reimbursable Program Activity | 70 | 60 | 59 |
| Cooperator and Quality Samples Programs Funded by CCC | -- | -- | 30 |
| Total, FAS Program Level | <u>\$209</u> | <u>\$200</u> | <u>\$204</u> |

a/ Cooperator Program funding of \$27.5 million provided by CCC.

FAS' mission is to serve U.S. agriculture's international interests by expanding export opportunities for U.S. agricultural, fish, and forest products and promoting world food security. FAS carries out its mission on a worldwide basis through the following program activities:

- **Market Access** -- international trade policy formulation, negotiation and monitoring activities designed to reduce foreign trade barriers and increase market access for U.S. agricultural products.

FARM AND FOREIGN AGRICULTURAL SERVICES

- **Market Development, Promotion, and Outreach** -- activities designed to increase domestic awareness of export opportunities, facilitate export readiness, and link export-ready and new-to-export firms to market entry opportunities; and activities designed to create demand for U.S. agricultural products in foreign markets, including the Foreign Market Development Cooperator Program, Market Access Program, and food and agricultural trade shows.
- **Market Intelligence** -- market intelligence and reporting activities which provide U.S. producers, exporters, and government officials with information and analysis of world agricultural production and trade.
- **Financial Marketing Assistance** -- administration of the Department's major commercial export programs, including the CCC export credit guarantee and export subsidy programs.
- **Long-Term Market and Infrastructure Development** -- administration of foreign food assistance programs and international cooperation and development activities, including scientific and technical exchanges, cooperative research, liaison with international food and agricultural organizations, and agricultural technical assistance and training, including the Cochran Fellowship Program.

The budget includes appropriated funding of \$115 million for FAS, which excludes \$27.5 million for the Cooperator Program which will be provided through CCC. Within the overall level of FAS appropriated funding proposed for 2000, the budget includes increased funding to support several agency initiatives. These include \$370,000 for the costs of opening an Agricultural Trade Office in the southern Africa region; \$250,000 for a Reverse Trade Missions Program which will bring buying missions of foreign importers, retailers, and trade officials to the United States to orient them on the quality and diversity of U.S. agricultural products; and \$250,000 for FAS to re-engineer its crop and market intelligence gathering, analysis, and dissemination processes.

In addition, the budget includes an estimated \$59 million in funding to be made available to FAS through reimbursable agreements. The largest component of this is funding for technical assistance, training, and research activities which FAS carries out overseas on behalf of the Agency for International Development, foreign governments, and international organizations. It also includes funding made available by CCC for the Emerging Markets Program. This program supports technical assistance and related activities in order to further U.S. market development objectives in promising overseas growth markets.

RURAL DEVELOPMENT

MISSION

The Rural Development mission area strives to improve the quality of life in rural America by providing financial assistance and working with rural communities through partnerships, empowerment and technical assistance. Outreach and targeting are used to ensure that rural communities that have been under-served in the past will have an opportunity to receive their fair share of Federal assistance.

Three agencies comprise the Rural Development mission area: the Rural Housing Service (RHS), the Rural Utilities Service (RUS) and the Rural Business-Cooperative Service (RBS) which also houses the Alternative Agricultural Research and Commercialization Corporation (AARCC). Under the Department's streamlining and reorganization effort, the field office delivery system for the three agencies was consolidated and is now co-located within USDA Service Centers.

RURAL DEVELOPMENT

Program Level (P.L.) and Budget Authority (B.A.)
(Dollars in Millions)

| Program | 1998 | | 1999 | | 2000 | |
|---|----------------|----------------|------------------|----------------|------------------|----------------|
| | <u>Actual</u> | | <u>Cur. Est.</u> | | <u>Budget a/</u> | |
| | P.L. | B.A. | P.L. | B.A. | P.L. | B.A. |
| Rural Utilities Service | \$2,903 | \$696 | \$3,272 | \$771 | \$3,414 | \$675 |
| Rural Housing Service | 5,410 | 1,279 | 5,685 | 1,299 | 6,319 | 1,174 |
| Rural Business-Cooperative Service | 1,333 | 103 | 1,194 | 116 | 1,214 | 150 |
| Alternative Agricultural Research and Commercialization Corporation | 7 | 7 | 4 | 4 | 10 | 10 |
| Total, Rural Development . | <u>\$9,653</u> | <u>\$2,085</u> | <u>\$10,155</u> | <u>\$2,190</u> | <u>\$10,957</u> | <u>\$2,009</u> |

a/ An additional \$60 million is available from the Fund for Rural America to support Rural Development activities and research, extension and education grants of which at least \$20 million will support Rural Development activities. The distribution of the funds among the authorized activities has not been developed.

The 2000 budget includes \$2 billion in budget authority for Rural Development, which is intended to support about \$11 billion in program level. This is an increase of about \$800 million in program activity over 1999 and reflects the Administration's strong support for ensuring that rural Americans have the same opportunities for economic growth that exist in urban areas.

RURAL DEVELOPMENT

The major provisions of the Rural Development budget include:

- \$1.1 billion in direct loans and \$3.2 billion in guaranteed loans for single family housing. These levels support the President's National Homeownership initiative by making more homeownership opportunities available in rural America. Direct loans will continue to be available only to low income families who receive an interest subsidy, low-income meaning less than 80 percent of area median income. Guaranteed loans will remain available to families up to 115 percent of median area income. The 2000 program levels will allow the agency to provide over 50,000 homeownership opportunities in rural America and improve over 11,000 existing homes.
- \$25 million in farm labor housing direct loans, which with the \$15 million in proposed grants, will provide 960 units for farmworkers and their families.
- \$100 million for direct loans and \$200 million in guaranteed loans for multi-family housing. The Administration will propose elimination of the statutory requirement that 20% of the loans guaranteed must receive interest assistance. The proposed change would reduce the subsidy cost of this program to zero. The guaranteed loan program was first introduced in 1997 and operated as a pilot program. It has shown great potential, particularly where it can be used to leverage other Federal, State and local or private financing. Experience has shown that projects for low-to-moderate income families do not necessarily require interest assistance because subsidies are available from other sources. The reduction in subsidy cost will provide for the program's expansion to \$200 million, which is \$125 million over 1999. The number of units built would be over 5,000 units.
- A total of \$640 million for rental assistance of which \$440 million will be available on October 1, 1999 and \$200 million will be available on October 1, 2000. Rental Assistance is provided to multi-family and farm labor housing project owners. This assistance makes up the difference between what the low-income tenant pays and the rent required for the project owner to meet debt servicing requirements.
- \$503 million in grants, \$900 million in direct loans, and \$75 million in guaranteed loans for water and waste disposal projects. The combined totals of loans and grants represent an increase of \$156 million over the 1999 level. This level will provide safe affordable drinking water to over 1 million people.
- \$1 billion in guaranteed loans and \$50 million in direct loans for business and industry. These levels reflect the emphasis this Administration is giving to ensuring that there are more job opportunities in rural America. It is estimated that \$1 billion in guaranteed loans creates or saves almost 40,000 jobs.
- \$1.65 billion in direct loans for rural electric and telephone systems, including a proposal which would provide \$400 million for Treasury rate electric loans.
- \$220 million in loans and grants for Distance Learning & Telemedicine (DLT), an increase of \$58 million over the 1999 level. This level of funding will provide about

RURAL DEVELOPMENT

800 grants and 40 loans, and will provide assistance to over 1,000 schools and over 2,000 health care facilities.

- The budget includes \$15 million for grants to Empowerment Zones and Enterprise Communities (EZ/EC). Five new rural empowerment zones were authorized by the Taxpayer Relief Act of 1997. Twenty new enterprise communities were authorized by the 1999 Appropriations Act, which also provided \$15 million in discretionary funds for the first year grants. The Administration's proposal would provide funding as mandatory spending for the full ten years. The longer term financing would allow recipients greater assurance for strategic planning. This funding would be in addition to funding targeted to EZ/EC's under Rural Development's on-going programs, which is estimated at \$203 million in 2000.
- The budget reflects the funding flexibility under the Rural Community Advancement Program (RCAP) that was enacted as part of the 1996 Farm Bill. RCAP allows funds to be transferred among programs to ensure better coordination in meeting local priorities and the 2000 budget assumes the full transfer flexibility authorized in the 1996 Farm Bill. The table below indicates the programs and funding levels included in RCAP.

Rural Community Advancement Program
Sources of Funding
(Dollars in Millions)

| Program | 1999 Program Level | 2000 Program Level |
|---|--------------------------|--------------------------|
| Water and Waste Disposal Loans: | | |
| Direct | \$724 | \$900 |
| Guarantees | 75 | 75 |
| Water and Waste Disposal Grants | 523 | 503 |
| Solid Waste Management Grants | 3 | 3 |
| Community Facility Loans: | | |
| Direct | 169 | 250 |
| Guarantees | 210 | 210 |
| Community Facility Grants | 7 | 13 |
| Business and Industry Loans: | | |
| Direct | 50 | 50 |
| Guarantees | 1,000 | 1,000 |
| Rural Business Opportunity Grants | 0 | 5 |
| Rural Business Enterprise Grants | 37 | 36 |
| | <hr/> | <hr/> |
| Total, Loans and Grants. | \$2,798 | \$3,045 |
| | <hr/> | <hr/> |

RURAL DEVELOPMENT

RURAL UTILITIES SERVICE

Program Level (P.L.) and Budget Authority (B.A.)
(Dollars in Millions)

| Program | 1998 Actual | | 1999 Cur. Est. | | 2000 Budget | |
|------------------------------------|----------------|-------|-------------------|-------|----------------|-------|
| | P.L. | B.A. | P.L. | B.A. | P.L. | B.A. |
| Loan Programs: | | | | | | |
| Electric Loans: | | | | | | |
| Direct 5% | \$125 | \$9 | \$72 | \$9 | \$50 | a/ |
| Direct, Treasury (Proposed Leg) | 0 | 0 | 0 | 0 | 400 | a/ |
| Municipal | 500 | 21 | 295 | 26 | 250 | \$9 |
| FFB Guaranteed | 300 | 3 | 700 | 0 | 300 | 0 |
| Total, Electric Loans | 925 | 33 | 1,067 | 35 | 1,000 | 10 |
| Telecommunications Loans: | | | | | | |
| Direct 5% | 75 | 3 | 75 | 7 | 50 | 1 |
| Treasury Rate | 288 | a/ | 300 | 1 | 300 | 2 |
| FFB Guaranteed | 34 | 0 | 120 | 0 | 120 | 0 |
| Total, Telecom. Loans . . . | 397 | 3 | 495 | 8 | 470 | 3 |
| Rural Telephone Bank (RTB) . . | 168 | 4 | 157 | 4 | 175 | 3 |
| Total, Elec., Tele. and RTB | 1,490 | 40 | 1,719 | 47 | 1,645 | 16 |
| Distance Learning and Telemedicine | | | | | | |
| Treasury Rate Loans | 5 | a/ | 150 | a/ | 200 | 1 |
| Water and Waste Disposal Loans | | | | | | |
| Direct b/ | 787 | 73 | 724 | 120 | 900 | 64 |
| Guaranteed b/ | 15 | 0 | 75 | 0 | 75 | 0 |
| Total, Wtr & Wst Dis Loans | 802 | 73 | 799 | 120 | 975 | 64 |
| Grant Programs: | | | | | | |
| Distance Learning & Telemed. | 21 | 13 | 12 | 12 | 20 | 20 |
| Water and Waste Disposal b/ | 516 | 501 | 523 | 523 | 503 | 503 |
| Solid Waste Management b/ . . | 3 | 3 | 3 | 3 | 3 | 3 |
| Total, Grants | 540 | 517 | 538 | 538 | 526 | 526 |
| Total, RUS Loans & Grants | 2,837 | 630 | 3,206 | 705 | 3,346 | 607 |
| Salaries and Expenses | 66 | 66 | 66 | 66 | 68 | 68 |
| Total, RUS | \$2,903 | \$696 | \$3,272 | \$771 | \$3,414 | \$675 |

a/ Less than \$0.5 million.

b/ These are included in the Rural Community Advancement Program. (See page 42.)

RURAL DEVELOPMENT

The electric and telecommunications programs administered by RUS provide loans to establish, expand, and modernize facilities to improve service to rural residents. The 2000 budget signals a shift in these programs from the highly subsidized direct 5 percent and municipal rate loans to greater reliance on FFB-insured and direct Treasury rate loans. To facilitate this shift, the Administration will propose legislation authorizing \$400 million in direct Treasury rate electric loans. This authority will be similar to the direct Treasury rate authority currently used by the telecommunications program. Overall, the 2000 program level for electric loans is about \$67 million lower than 1999. This level of funding is expected to create about 23,000 jobs in rural areas and provide improved electric service to 1.6 million rural residents.

The total funding for the telecommunications programs will be \$7 million less than the 1999 levels. Direct 5 percent telecommunications loans will decrease about \$25 million, while the Rural Telephone Bank programs will increase about \$18 million. The total level of telecommunications assistance will result in the creation of almost 15,000 jobs in rural areas, over 200,000 new residents and businesses will receive telecommunications service.

The water and waste disposal program provides grant and direct and guaranteed loan assistance to communities with populations not in excess of 10,000. Communities must first be denied access to commercial credit to be eligible for assistance. Loan and grant funds are provided to communities to establish, expand, and modernize water treatment and waste disposal facilities. Through the Administration's Water 2000 initiative, the Department targets a portion of its water and waste disposal resources to the rural residents who have some of the Nation's most serious drinking water availability, dependability, and quality problems. At the 2000 budget levels, the program is expected to create 41,000 rural jobs, provide new water services to 648,000 rural residents and improved water services to over 1.3 million rural residents. The 2000 level will also provide new or improved waste disposal facilities serving an estimated 619,000 rural residents.

The Distance Learning and Telemedicine (DLT) program provides assistance for facilities and equipment to provide telecommunications linkages among education and health care facilities. Grant funding is available for those areas experiencing high poverty levels while loans or a combination loans and grants are available for areas with higher income levels. The program continues to experience a demand for grant funds far in excess of the amount of funding that has been available. The budget provides \$20 million in grants and \$200 million in loans for distance learning and telemedicine. This would increase grant funding by about \$7.5 million and loan funding by \$50 million over 1999. The total funding is expected to provide assistance for about 800 grants and 40 loans and provide assistance to over 1,000 schools and over 2,000 health care facilities.

RURAL DEVELOPMENT

RURAL HOUSING SERVICE

Program Level (P.L.) and Budget Authority (B.A.)
(Dollars in Millions)

| Program | 1998 Actual | | 1999 Cur. Est. | | 2000 Budget | |
|---|----------------|---------|-------------------|---------|----------------|---------|
| | P.L. | B.A. | P.L. | B.A. | P.L. | B.A. |
| Rural Housing Loans: | | | | | | |
| Single-Family: | | | | | | |
| Direct | \$1,008 | \$128 | \$965 | \$114 | \$1,100 | \$94 |
| Guarantees | 2,822 | 7 | 3,000 | 3 | 3,200 | 20 |
| Multi Family Housing: | | | | | | |
| Direct (Sec 515) | 151 | 68 | 114 | 55 | 100 | 40 |
| Guarantees (Sec 538) | 40 | 1 | 75 | 2 | 200 | 0 |
| Very Low-Income Repair | 30 | 10 | 25 | 9 | 32 | 10 |
| Farm Labor Housing | 15 | 7 | 20 | 10 | 25 | 11 |
| Self-Help Housing | a/ | a/ | 5 | a/ | 5 | a/ |
| Housing Site Development | a/ | a/ | 5 | a/ | 5 | a/ |
| Credit Sales | 23 | 3 | 17 | 4 | 8 | 1 |
| Total, Housing Loans | 4,089 | 225 | 4,226 | 197 | 4,675 | 176 |
| Community Facility Loans: | | | | | | |
| Direct b/ | 211 | 17 | 170 | 23 | 250 | 15 |
| Guarantees b/ | 65 | a/ | 210 | 0 | 210 | 0 |
| Total, Community Facility Loans | 276 | 17 | 380 | 23 | 460 | 15 |
| Grants and Payments: | | | | | | |
| Community Facility | 9 | 9 | 7 | 7 | 13 | 13 |
| Very Low-Income Repair | 26 | 25 | 22 | 22 | 30 | 30 |
| Farm Labor Housing | 13 | 10 | 11 | 11 | 15 | 15 |
| Mutual and Self-Help | 27 | 26 | 26 | 26 | 30 | 30 |
| Supervisory and Technical Asst. | a/ | 0 | 0 | 0 | 0 | 0 |
| Compensation for Const. Defects | a/ | 0 | a/ | 0 | a/ | 0 |
| Rural Housing Preservation | 11 | 11 | 8 | 8 | 9 | 9 |
| Rental Assistance Payments c/ | 545 | 542 | 583 | 583 | 640 | 440 |
| Fire Protection Grants | 2 | 2 | d/ | d/ | d/ | d/ |
| Total, Grants | 633 | 625 | 657 | 657 | 738 | 537 |
| Total, Loans and Grants | 4,998 | 867 | 5,263 | 877 | 5,873 | 728 |
| Salaries and Expenses | 412 | 412 | 422 | 422 | 446 | 446 |
| Total, RHS | \$5,410 | \$1,279 | \$5,685 | \$1,299 | \$6,319 | \$1,174 |

a/ Less than \$0.5 million.

b/ These are included in the Rural Community Advancement Program. (See page 42.)

c/ Of the \$640 million program level, \$440 million shall become available on October 1, 1999 and \$200 million shall become available on October 1, 2000.

d/ Funding is requested in the Forest Service budget.

RURAL DEVELOPMENT

The 2000 budget for RHS supports a program level of over \$6.3 billion, an increase of more than \$600 million from 1999. Of the total program level, over \$5 billion is in the form of loans.

The single family housing direct loan program provides subsidized loans for the purchase of modest housing in rural areas. Loans are made at a graduated interest rate level from 1 percent to 100 basis points over the Treasury rate, which is currently 6.06 percent, depending on family income, to families who have income under 80 percent of the area median. The average annual income of a direct loan borrower is generally about 55 percent of area median income or about \$17,000 on a National basis. Loan guarantees primarily serve families with moderate incomes, with the interest rate negotiable between the lender and borrower.

The Section 515 multifamily housing loan program would be funded at \$100 million in 2000. This program provides direct loans to construct and maintain multifamily rental projects that serve low and very low income families. Projects receive payment assistance to make rents affordable. The average annual income of a Section 515 tenant is \$7,300. The 2000 request will provide for the construction of 1,900 new units and the rehabilitation of over 2,400 existing units.

The Section 538 multifamily housing loan guarantee program guarantees loans that are made by private lenders. It differs from the Section 515 direct loan program in that the projects it finances serve tenants with incomes up to 115 percent of the area median, rather than those below 80 percent of the area median. The 2000 request of \$200 million would provide for the construction of over 5,000 units.

The 2000 budget provides \$640 million for the rental assistance program, an increase of \$57 million from the 1999 level. Rental assistance is provided to project owners in the form of 5-year contracts. These contracts are tied to the income of tenants in low-income units, who pay no more than 30 percent of their income in rent. Rental assistance makes up the difference between what the low-income tenant pays and the rent required for the project owner to meet debt servicing requirements. When the 5-year contracts expire, they typically are renewed to keep the unit available for low income families and the project viable for the sponsor.

Consistent with meeting the Secretary's civil rights goals, the 2000 budget recommends \$25 million for farm labor housing loans and \$15 million for farm labor housing grants, an increase of \$5 million in loans and \$3.5 million in grants from 1999 levels. This would provide for the construction of about 600 new units and rehabilitation of about 350 existing units of housing for farm workers.

The community facilities program provides direct loans, guarantees and grants to finance essential community facilities, with priority given to health and safety facilities. There are three interest rates available on direct loans, with the lowest, 4.5 percent, offered to communities where the median income is below the poverty level and for projects to meet health and safety standards. The 2000 budget provides \$250 million in direct loans, \$210 million in guarantees, and \$13 million in grants, including \$5 million for early warning

RURAL DEVELOPMENT

system grants that would allow rural areas to reduce the loss of life resulting from inadequate warnings of hazardous weather. This level of funding will support over 200 new or improved health care facilities and other facilities which improve the standard of living in rural America.

RURAL BUSINESS-COOPERATIVE SERVICE (RBS)

Program Level (P.L.) and Budget Authority (B.A.)
(Dollars in Millions)

| Program | 1998 Actual | | 1999 Cur. Est. | | 2000 Budget | |
|---------------------------------------|----------------|-----------|-------------------|-----------|----------------|-----------|
| | P.L. | B.A. | P.L. | B.A. | P.L. | B.A. |
| Loans: | | | | | | |
| Business and Industry: | | | | | | |
| Guarantees <u>a/</u> | \$1,100 | \$11 | \$1,000 | \$10 | \$1,000 | \$31 |
| Direct <u>a/</u> | 21 | 0 | 50 | 0 | 50 | 0 |
| NAD Bank | 72 | 0 | 0 | 0 | 0 | 0 |
| Intermediary Relending Prog. | 35 | 17 | 33 | 17 | 52 | 23 |
| Rural Economic Development | 25 | 6 | 15 | 4 | 15 | 3 |
| Total, Loans | 1,253 | 34 | 1,098 | 31 | 1,117 | 57 |
| Grants: | | | | | | |
| Rural Business Enterprise <u>a/</u> . | 37 | 37 | 37 | 37 | 36 | 36 |
| Rural Business Opportunity <u>a/</u> | <u>b/</u> | <u>b/</u> | 1 | 1 | 5 | 5 |
| Rural Cooperative Development | 2 | 2 | 2 | 2 | 5 | 5 |
| Appropriate Technology Transfer | | | | | | |
| for Rural Areas | 1 | 1 | 1 | 1 | 2 | 2 |
| Rural Economic Development | 11 | <u>c/</u> | 11 | <u>c/</u> | 4 | <u>c/</u> |
| Cooperative Research | | | | | | |
| Agreements | 2 | 2 | 2 | 2 | 2 | 2 |
| Agribusiness and Cooperative | | | | | | |
| Development Program | 0 | 0 | <u>b/</u> | <u>b/</u> | 0 | 0 |
| Empowerment Zones and | | | | | | |
| Enterprise Communities . . | 0 | 0 | 15 | 15 | 15 | 15 |
| Total, Grants | 53 | 42 | 69 | 58 | 69 | 65 |
| Total, Loans and Grants | 1,306 | 76 | 1,167 | 89 | 1,186 | 122 |
| Salaries and Expenses | 27 | 27 | 27 | 27 | 28 | 28 |
| Total, RBS | \$1,333 | \$103 | \$1,194 | \$116 | \$1,214 | \$150 |

a/ These are included in the Rural Community Advancement Program. (See page 42.)

b/ Less than \$0.5 million.

c/ Earnings generated by the interest differential on voluntary cushion of credit payments made by RUS borrowers provide the subsidy to support these grants.

RBS administers the Department's rural business assistance programs, including technical assistance, development, and research on agricultural cooperatives. The agency delivers a wide variety of services to its clients. Business and Industry (B&I) loan guarantees, for example, provide protection against loss so that private lenders are willing to extend credit

RURAL DEVELOPMENT

to establish, expand, or modernize rural businesses. Other programs, including the intermediary relending program and the rural economic development loan and grant programs allow local sponsors to borrow from the agency in order to make loans to businesses and other organizations for developmental purposes. Special efforts are being made to help rural communities diversify, particularly into value-added processing, by directing B&I funds to cooperatives.

The budget provides \$1 billion in guaranteed loans and \$50 million in direct loans under the business and industry loan program. Direct loans will be targeted to those areas which have traditionally been under-served by commercial lenders. Loan guarantees help expand investment in rural areas by protecting commercial lenders against loss. In addition, loan guarantees may be used to provide financing to farmers for the purchase of start-up capital stock in a cooperative which will process the commodity being produced by the farmer. The proposed level of assistance is consistent with the Administration's strong commitment to expanding the rural economy and is expected to create or save almost 40,000 jobs in rural America.

The budget provides \$52 million for the intermediary relending program (IRP). The intermediary relending program provides loans at 1 percent interest to local intermediaries who relend those funds to local businesses and other organizations to expand or improve the local economic base. This level of funding is expected to create or save about 40,000 jobs in rural America.

Included in the Forest Service request is a \$50 million loan program entitled the Smart Growth Partnership Program. This program, part of the Lands Legacy Initiative, will be administered by the Forest Service through an agreement with RBS to run the loan program through IRP. (See Page 71.)

The budget provides \$5 million for partnership technical assistance grants to help rural communities develop comprehensive strategies for revitalization and to better coordinate Federal assistance.

Rural cooperatives are growing not just in numbers but also in terms of non-traditional forms and uses. Cooperatives are forming strategic alliances with privately held corporations, engaging in value-added processing, and entering the retail and export markets. Through the cooperative form of business, rural residents are finding ways to save their way of life, add value to their product, and bring more income home to the farm gate. Funding for rural cooperatives is \$7 million in 2000, up from the \$4 million available in 1999. The additional funding will provide technical assistance to small farmers and small farm related operations in developing market and management skills.

RURAL DEVELOPMENT

ALTERNATIVE AGRICULTURAL RESEARCH AND COMMERCIALIZATION CORPORATION (AARCC)

Program Level (P.L.) and Budget Authority (B.A.)
(Dollars in Millions)

| Program | 1998 | | 1999 | | 2000 | |
|-----------------------|---------------|------|------------------|------|---------------|------|
| | <u>Actual</u> | | <u>Cur. Est.</u> | | <u>Budget</u> | |
| | P.L. | B.A. | P.L. | B.A. | P.L. | B.A. |
| Investments | \$7 | \$7 | \$4 | \$4 | \$10 | \$10 |

The Alternative Agricultural Research and Commercialization Corporation (AARCC) makes equity investments in rural businesses to assist in the technological development and commercialization of industrial (non-food, non-feed) uses for agricultural and forestry materials and animal by-products. These equity investments allow start-up businesses an opportunity to become successful prior to undertaking repayment, thereby offering greater flexibility towards repayment than can be accommodated under conventional loan terms, which require immediate repayment.

The budget provides \$10 million for AARCC, including, about \$1.5 million for administrative expenses. This level of funding is expected to help bring 6 new products to market and create about 1,500 new jobs in rural America. This level of funding compares to about \$3.5 million in 1999.

FOOD, NUTRITION, AND CONSUMER SERVICES

FOOD AND NUTRITION SERVICE (FNS)

The Food and Nutrition Service (FNS) administers America's domestic nutrition programs. The mission of FNS is to provide children and needy families better access to a healthful diet through nutrition assistance programs and nutrition education. FNS fulfills its mission via the programs in the table below. Food stamps remain the cornerstone of our National commitment to protect the nutrition, health, and well-being of low-income families. These programs support the Administration's goals of encouraging work, family and responsibility, as well as improving the nutritional levels of low-income households.

| Food and Nutrition Service Program Level (Dollars in Millions) | | | |
|---|----------------|-----------------------------|--------------------|
| Program | 1998 Actual | 1999 Current Estimate | 2000 Budget |
| Food Stamp Program <u>a/</u> | \$19,265 | \$20,228 | \$20,462 <u>b/</u> |
| Nutrition Assistance for Puerto Rico . . | 1,204 | 1,236 | 1,268 |
| Total, Food Stamp Program | 20,469 | 21,464 | 21,730 |
| Child Nutrition Programs | 9,136 | 9,504 | 10,001 |
| Special Supp. Nutrition Program (WIC). | 4,035 | 4,064 | 4,205 |
| Commodity Assistance Programs: | | | |
| Commodity Supp. Food Program . . | 89 | 96 | 90 |
| Soup Kitchens, Food Banks and The Emergency Food Assistance Program (TEFAP) | 147 | 135 | 145 |
| WIC Farmers' Market Nutrition Program | 12 | 15 | 20 |
| Total, CAP | 248 | 246 | 255 |
| Food Donations Programs: | | | |
| Nutrition Program for the Elderly . . . | 141 | 140 | 150 |
| Pacific Island and Disaster Assistance | 1 | 1 | 1 |
| Total, Food Donations | 142 | 141 | 151 |
| Food Program Administration | 109 | 112 | 113 |
| WIC and Child Nutrition Integrity Initiative | -- | -- | 2 |
| Food Stamp Integrity Initiative | -- | -- | 6 |
| Total, FPA | 109 | 112 | 121 |
| Total, FNS | \$34,139 | \$35,531 | \$36,463 |

a/ Includes funding for Food Distribution Program on Indian Reservations (FDPIR).

b/ In addition, \$1 billion is requested in 2000 for a contingency reserve.

FOOD, NUTRITION, AND CONSUMER SERVICES

The Department's 2000 budget funds the anticipated needs of the Food Stamp, Child Nutrition, WIC and other programs and includes cost-neutral legislative proposals to increase incentives for States to collect claims and improve program integrity. The budget continues the emphasis on modernizing benefit delivery systems and improving the overall integrity and efficiency of the Food Assistance Programs, to assure that resources go to those who need them most. Further, with Welfare Reform it is critically important to help willing work-able persons find and retain jobs through training, job search assistance, and affordable child care. Central to the nutrition assistance mission, these programs provide nutrition education to empower participants with the skills and knowledge to make food choices for a healthy diet. Additional funds are also requested for food stamp nutrition education and for a program to inform working poor families and to ensure the safety of school meals. The details of the nutrition programs follow.

Food Stamps. The 2000 budget funds anticipated growth in participation of about 400 thousand over 1999 estimates (for a total of 20.1 million), projected food inflation, and provides \$1 billion for a contingency reserve. In addition, cost-neutral legislation is proposed to establish an incentive payment system to foster increased claims collections and improve program integrity. Legislation has also been proposed at a funding level of \$10 million to restore food stamp benefits to approximately 15,000 immigrants who entered the U.S. before August 22, 1996 and who have subsequently reached the age of sixty-five.

FNS continues to aggressively fight food stamp trafficking fraud and the sale of non-food products for food stamps by coordinating with the Office of the Inspector General (OIG) to conduct "sweeps" to identify and eliminate ineligible stores from the program. Also, implementing Electronic Benefit Transfer (EBT) will continue during FY 2000. Substituting electronic debit cards for food coupons simplifies benefit delivery, makes benefit use more secure and convenient for recipients, and reduces retailer and program administrative costs. In addition, EBT provides USDA with data useful in detecting retailer and recipient trafficking and fraud. Funding for the Puerto Rico Nutrition Assistance Program is requested at \$1.3 billion, the same as the authorized level.

Child Nutrition Programs. Increasing the public understanding of proper nutrition, a major Departmental objective, is also promoted through the nutrition assistance programs. A priority continues to be increasing children's understanding of nutrition and improving their diets through the School Meals Initiative for Healthy Children. The National School Lunch, School Breakfast, Summer Food Service, Special Milk, and Child and Adult Care Food Programs (CACFP) play a significant role in achieving this goal by assisting State and local governments in serving healthful, nutritious meals to children in various settings, with greatest emphasis on helping low-income children. These programs assist pre-school and school-aged children by subsidizing the provision of nutritious meals. They also help assure that children are in school ready to learn, and that the children can learn by proper nutritional example. Special subsidies are also provided under these programs so that low-income children receive meals free or at a greatly reduced price. Under the current Child Nutrition Programs, especially CACFP, USDA helps support child care that helps the

FOOD, NUTRITION, AND CONSUMER SERVICES

Nation's working people as well as work-able welfare recipients be able to train for, gain and maintain employment.

Since good nutrition is key to health and learning, the budget proposes \$13 million to fund a pilot project to evaluate providing breakfasts to all children regardless of income. This pilot was authorized by the William F. Goodling Child Nutrition Reauthorization Act of 1998, P.L. 105-336, and limited to six School Food Authorities. The Act authorizes USDA to evaluate the effects of providing free breakfasts to elementary school children, without regard to family income, on participation, academic achievement, attendance, and dietary intake over the course of a day. USDA's budget request will carry out the intent of this law by fully funding the pilots in 6 districts.

For 2000, the Child Nutrition Programs are funded at a level that will support anticipated participation, which includes increases in participation and food costs. The budget also reflects the fact that the percentage of free school lunches has continued to climb. The Department continues to work with the States to improve the appeal and nutritional quality of school meals, and to help schools bring their meals into compliance with *The Dietary Guidelines for Americans*. The Department will continue to place emphasis on food safety education. The budget includes \$2 million for nutrition education and training. National nutrition standards, consistent National eligibility standards, and the guarantee of free meals to children from low-income households are the central strengths of the Child Nutrition Programs.

WIC. The budget of \$4.2 billion for the WIC program would support 7.5 million participants. The WIC program helps improve the health and nutritional status of low-income pregnant, breast-feeding and postpartum women, infants and children up to their fifth birthday. WIC supplements households' food resources with vouchers which may be redeemed for specified foods such as milk, eggs, cheese, fruit juices, cereal and infant formula. In addition to these food supplements, WIC provides nutrition education and linkages to other important health and social services. Approximately 46 percent of all infants born in the United States are WIC beneficiaries. The program also has contributed to better birth outcomes and reductions in childhood anemia, key indicators of the health of America's children.

WIC will work to improve program integrity and increase efficiency through enhanced vendor and recipient integrity activities. For example, USDA and the States are taking action to strengthen income documentation so that benefits are targeted only to those meeting income guidelines. Finally, USDA is working with the States to further reduce per person food costs, building on WIC's performance in keeping unit food costs essentially flat for the past 10 years.

Commodity Assistance Programs. The Commodity Assistance Programs (CAP) provide commodities distributed through several programs. The Emergency Food Assistance Program (TEFAP) provides administrative funding and wholesome commodities to the network of food banks and other programs which assist households in need of immediate, short-term food assistance. TEFAP providers also typically distribute significant quantities

FOOD, NUTRITION, AND CONSUMER SERVICES

of commodities donated by the private sector, thereby leveraging the Federal investment. Commodities are also made available to soup kitchens and food banks. Funding for TEFAP includes both discretionary funding of \$45 million usable for program administration or food, at the election of State officials, and \$100 million available under the Food Stamp Program appropriation to be used for purchasing commodities for distribution to the States.

In twenty States, the Commodity Supplemental Food Program (CSFP) provides commodities to low-income elderly and women, infants and children not on WIC. The CSFP budget request will fund current participation levels.

The WIC Farmers' Market Nutrition Program (FMNP) provides WIC participants access to fresh fruits and vegetables and expands the awareness and use of farmers' markets by consumers. The 2000 budget proposes \$20 million within the Commodity Assistance Program account for FMNP. This is a \$5 million increase over the 1999 appropriated level. The increase will permit expansion into new counties in States currently participating in the program, as well as bring 4 new States into the program. The most recent data available shows that the FMNP provided coupons to over 1 million WIC participants. The participants redeemed their coupons at 1,345 farmers' markets, providing revenue to 9,161 small, family farmers.

Food Donations Programs. In coordination with the Department of Health and Human Services (DHHS), FNS also provides funding for Nutrition Program for the Elderly (NPE) which provides subsidized meals to persons aged 60 or older at low-income elderly centers and through "meals on wheels" programs. The 2000 budget would increase this program by \$10 million, to \$150 million. This increase will permit participation to remain steady by maintaining the value of the meal reimbursement rate, which has been eroded over the years by inflation.

The program also provides nutrition assistance to certain Pacific Islands and contingency funds for non-Presidentially declared disasters.

Food Program Administration. Funding of \$121 million is requested to maintain program operations, pursue program and financial integrity initiatives and increase the emphasis on improved nutrition among participants in the domestic nutrition assistance programs. FNS is on schedule with Y2K changes to maintain and improve the efficiency of administration for America's nutrition programs. However, FNS' antiquated software and hardware must be replaced to ensure adequate program and financial integrity. Funds are included to provide for development and implementation of improvements relating to both program and financial integrity weaknesses.

In further support of the Department's healthy meals initiative, and recognizing the proven link between good nutrition and good health (and lower health care costs), the budget recognizes the role of nutrition education for all nutrition assistance programs with a request for \$2.5 million for the Center for Nutrition Policy and Promotion (CNPP). In addition to helping USDA coordinate the policies and regulations of its nutrition assistance programs with other Federal agencies, the CNPP will coordinate and increase the

FOOD, NUTRITION, AND CONSUMER SERVICES

effectiveness of the funds spent within USDA on developing and promoting the message of good nutrition.

A new program integrity initiative will begin in 2000 and will be funded at \$8 million within the Food Program Administration (FPA) account. This funding includes \$6 million to be used to measure and improve payment accuracy in the Food Stamp Program and \$2 million to reduce school overclaiming for the Child Nutrition Program.

FOOD, NUTRITION, AND CONSUMER SERVICES

Food and Nutrition Service Key Indicators

| | 1998 Actual | 1999 Estimate | 2000 Estimate |
|---|----------------|------------------|------------------|
| Average Participation, millions: | | | |
| Food Stamps | 19.8 | 19.7 | 20.1 <u>a/</u> |
| Free School Lunch | 13.0 | 13.5 | 13.7 |
| School Lunch, Total | 26.6 | 26.9 | 27.3 |
| Free Breakfast | 5.6 | 6.1 | 6.3 |
| Total Breakfast | 7.1 | 7.5 | 7.8 |
| WIC | 7.4 | 7.4 | 7.5 |
| Commodity Supp. Food Program (CSFP): | | | |
| WIC-type | 0.13 | 0.13 | 0.13 |
| Elderly | 0.25 | 0.28 | 0.28 |
| Food Distribution Program on Indian | | | |
| Reservations (FDPIR) | 0.12 | 0.13 | 0.13 |
| Nutrition Program for the Elderly | | | |
| (NPE), annual meals | 249.9 | 252.7 | 252.7 |
| Unemployment Rate | 4.6% | 4.7% | 5.0% |
| Average/person/month food benefit in \$: | | | |
| Food Stamps | \$71.09 | \$74.73 | \$75.28 |
| WIC | 31.81 | 32.63 | 33.42 |
| CSFP: WIC-type (FNS Funded) | 17.47 | 18.21 | 18.72 |
| CSFP: Elderly (FNS Funded) | 13.21 | 14.02 | 14.36 |
| FDPIR (FNS Funded) | 31.44 | 34.44 | 35.97 |
| Per meal subsidies including commodities: | | | |
| Free School Lunch | \$2.05 | \$2.10 | \$2.14 |
| Reduced Price School Lunch | 1.65 | 1.70 | 1.74 |
| Paid School Lunch | 0.33 | 0.33 | 0.34 |
| Free Breakfast | 1.05 | 1.08 | 1.10 |
| Paid Breakfast | 0.20 | 0.20 | 0.21 |
| NPE per meal subsidy (cents) | 56.07 | 55.40 | 59.35 |

a/ Legislation is proposed to restore benefits to an estimated 15,000 legal immigrants yearly. The participants are included in the estimate shown.

FOOD SAFETY

MISSION

Food Safety, the public health mission area of USDA, provides scientific focus, leadership and expertise in addressing the important domestic and international public health and safety issues related to meat, poultry, and egg products regulated by the Food Safety Inspection Service (FSIS) and the general oversight of the Office of the U.S. Manager of the Codex Alimentarius Commission. Food Safety also leads efforts within the Department to respond to food safety emergencies and coordinates policies and program development with international organizations, other countries, and State and local governments on these food safety issues.

FOOD SAFETY AND INSPECTION SERVICE (FSIS)

Program Level
(Dollars in Millions)

| Program | 1998 Actual | 1999 Current Estimate | 2000 Budget |
|--|----------------|-----------------------------|----------------|
| Federal Food Inspection | \$494 | \$515 | \$546 |
| Import/Export Inspection | 12 | 12 | 12 |
| Laboratory Services | 35 | 36 | 40 |
| Field Automation & Information Mgmt . | 8 | 8 | 8 |
| Grants to States | 41 | 41 | 42 |
| Special Assistance to State Programs | 0 | 5 | 5 |
| Existing User Fees and Trust Funds . . | 89 | 89 | 89 |
| Total, FSIS Program Level | 679 | 706 | 742 |
| Existing User Fees and Trust Funds . . | -89 | -89 | -89 |
| New User Fees | -- | -- | -504 |
| Total, FSIS Appropriations | <u>\$590</u> | <u>\$617</u> | <u>\$149</u> |

FSIS provides in-plant inspection to all domestic establishments preparing meat, poultry, and processed egg products for sale or distribution into interstate commerce, and also reviews foreign inspection systems and plants exporting these products to the United States. FSIS provides technical and cost-sharing assistance to States that maintain inspection programs equal to the Federal inspection program. To accomplish these functions, FSIS employees are stationed in approximately 6,000 establishments, including approximately 150 import stations. Headquarters personnel are responsible for overseeing administration of the program and ensuring that the latest scientific and technological developments are incorporated into inspection procedures. FSIS coordinates the development of its policies with other USDA agencies, the Food and Drug Administration, the Environmental Protection Agency, the Centers for Disease Control and

FOOD SAFETY

Prevention, as well as international organizations, to ensure an integrated farm-to-table approach to food safety.

HACCP Implementation. On July 25, 1996, FSIS published the final rule on Pathogen Reduction and Hazard Analysis and Critical Control Points (HACCP) Systems that is expected to reduce foodborne illness by 25 percent by the year 2000. The Pathogen Reduction and HACCP rule: (1) requires all meat and poultry plants to develop and implement a system of preventive controls, known as HACCP, to improve the safety of their products, (2) sets pathogen reduction performance standards for *Salmonella* that slaughter plants and plants producing raw ground products must meet, (3) requires all meat and poultry plants to develop and implement written standard operating procedures for sanitation, and (4) requires meat and poultry slaughter plants to conduct microbial testing for generic *E. coli* to verify the adequacy of their process controls for the prevention of fecal contamination.

Implementation of the rule began on January 27, 1997, and will be completed by January 25, 2000. On January 26, 1998, approximately 300 of the largest meat and poultry slaughter and processing establishments, producing 75 percent of all Federally inspected product, implemented HACCP programs designed to target and reduce harmful bacteria on their products. More than 2,800 small establishments were required to implement HACCP and *Salmonella* requirements on January 25, 1999. The remaining very small establishments will be required to implement HACCP by January 25, 2000. In order to facilitate implementation, FSIS has conducted extensive training of Federal and State inspection personnel in preparation for the new regulatory oversight procedures generated by the HACCP rule.

For 2000, the budget proposes a program level of \$742 million, a net increase of \$36 million over the 1999 current estimate. The 2000 budget includes increases for pay costs and a one-time request for \$1 million for civil rights training for FSIS employees. In 2000, FSIS will continue the process of transforming the inspection process without an increase in staffing levels. The budget includes the following programmatic increases:

- **Workforce Transition.** The 2000 budget includes \$10.8 million to help the FSIS inspection workforce make the transition to a new HACCP environment, including conversion of 388 current inspection personnel and hiring 250 new personnel as Consumer Safety Officers. In these new positions, these employees will be responsible for conducting scientific testing and inspections throughout the farm-to-table continuum. Some of these personnel will be redeployed to cover critical inspection vacancies in very small establishments. These redeployments and upgrades will increase the professional qualifications of the inspection workforce and cover a broader segment of the farm-to-table continuum.
- **Food Safety Initiative.** In fiscal year 2000, the budget includes increases to build on the investments begun with the President's Food Safety Initiative. Continued investment in food safety activities will enhance public health by minimizing foodborne illness from meat, poultry, and egg products. An increase of \$2.9 million is requested to address

FOOD SAFETY

food safety risks from farm-to-table, including: emergency response coordination with the States in investigating foodborne illness outbreaks; validation of the ability of State laboratories to meet HACCP pathogen testing requirements; and pathogen testing in Federal laboratories of State inspected product.

New User Fees. The 2000 budget request proposes legislation to recover the full cost of providing Federal meat, poultry, and egg products inspection. The user fees exclude Grants to States and Special Assistance for State Programs. Requiring the payment of user fees for Federal inspection services would not only result in savings to the taxpayer, but would also ensure that sufficient resources are available to provide the mandatory inspection services needed to meet increasing industry demand. The overall impact on prices as a result of these fees has been estimated to be less than one cent per pound of meat, poultry, and egg products production. The implementation of the user fee authority would be designed to be fair and equitable, promote accountability and efficiency, and minimize the impact on the competitive balance among affected industries. Appropriated funds are requested to convert the Federal program to user fees and for maintaining Federal support of State inspection programs.

FSIS' primary program responsibilities include:

Federal Food Inspection. FSIS inspects all carcasses in slaughter plants for disease and other abnormalities, and samples for the presence of chemical residues. Other responsibilities ensure that establishments develop and implement sanitation standard operating procedures, and humane methods of slaughter. Meat and poultry processing operations are inspected by FSIS on a daily basis. Typical processing operations include cutting, boning, curing, and canning. Inspector activities include review of plant operations for sanitation and cleanliness, labeling, and packing functions. FSIS provides mandatory continuous in-plant inspection to egg product processing plants. The inspector checks the acceptability of eggs, the sanitation of plant and equipment, and determines if the egg products have been properly processed. FSIS reviews inspection systems in countries exporting meat, poultry and egg products to the U.S. and inspects imported products at ports-of-entry.

Laboratory Services. FSIS operates three laboratories and has agreements with two other private laboratories to perform the scientific testing in support of inspection operations. Samples sent to the laboratories are analyzed for food chemistry and to identify the presence of pathogens, residues, additives, disease, and foreign matter.

Field Automation and Information Management (FAIM). FAIM provides automated technology, regulatory information and improved telecommunications capability among the widely dispersed field inspection workforce. FY 1999 is the fourth year of the five-year implementation of the FAIM project.

Grants to States. FSIS has authority to approve State meat and poultry inspection programs for products travelling in intrastate commerce. FSIS reviews State inspection programs to assure that standards, at least equal to Federal standards, are applied to

FOOD SAFETY

meat and poultry plants under State jurisdiction. For State inspection programs, USDA contributes, through the Grants to States Program, up to 50 percent of each State's costs. Currently, 26 States participate in the program.

Existing User Fees and Trust Funds. Currently, user fees are collected to recover the cost of inspection provided beyond regularly scheduled operations and on holidays. Establishments requesting voluntary inspection services, which are not mandated by law are also charged a user fee to recover the full cost of the inspection.

NATURAL RESOURCES AND ENVIRONMENT

MISSION

The mission of the Natural Resources and Environment area is to promote the conservation, and sustainable use of natural resources on the Nation's private lands and to sustain production of all the goods and services that the public demands of the National Forests. Two agencies, the Natural Resources Conservation Service and the Forest Service, are primarily responsible for achieving this mission.

NATURAL RESOURCES CONSERVATION SERVICE (NRCS)

| Program Level (Dollars in Millions) | | | |
|--|----------------|-----------------------------|----------------|
| Program | 1998 Actual | 1999 Current Estimate | 2000 Budget |
| Conservation Operations: | | | |
| Conservation Technical Assistance . . . | \$537 | \$548 | \$585 |
| Soil Surveys | 77 | 78 | 81 |
| Snow Surveys | 6 | 6 | 6 |
| Plant Materials Centers | 9 | 9 | 9 |
| Total, Conservation Operations | 629 | 641 | 681 |
| Watershed Surveys and Planning | 11 | 10 | 12 |
| Watershed and Flood Prevention | 106 | 99 | 83 |
| Emergency Watershed Prot. (carryover) | 130 | 131 | 0 |
| Forestry Incentives Program | 6 | 16 | 0 |
| Resource Conservation and Development. | 35 | 35 | 35 |
| Debt for Nature | -- | -- | 5 |
| Farmland Protection Program--Discretionary | -- | -- | 50 |
| Programs Funded by CCC: | | | |
| Environmental Quality Incentives | | | |
| Program | 194 | 174 | 300 |
| Wildlife Habitat Incentives Program . . . | 26 | 24 | 10 |
| Farmland Protection Program | 17 | 0 | 28 |
| Wetlands Reserve Program | 231 | 132 | 209 |
| Total, NRCS | \$1,385 | \$1,262 | \$1,413 |
| Recap: | | | |
| NRCS Appropriations | \$917 | \$932 | \$866 |
| Funded from CCC | 468 | 330 | 547 |

NATURAL RESOURCES AND ENVIRONMENT

NRCS directs its financial and technical assistance programs to land users through the USDA service centers and through local conservation districts, which are units of State government organized for the purpose of developing and carrying out local conservation programs. USDA has entered into a Memorandum of Understanding with each conservation district and these formal agreements provide a basis for the Department's working relationship with each district.

Within the proposed funding level of \$1.4 billion for NRCS conservation programs in 2000, the Department will maintain its focus on supporting locally-led conservation assistance through which the conservation districts, farmers and ranchers and other private landowners and users work with NRCS to identify the most critical local natural resource needs and concerns. This information is then used to help target USDA and other federal and state environment and conservation programs in the most cost-effective manner possible. It has also been used by the agency to meet its GPRA strategic planning objectives which include the development of an annual performance plan and specific multi-year performance goals.

The agency's annual performance goals rely on measures of actual conservation achieved on the land with direct technical and financial assistance from NRCS and its partners in the district offices. The two long-term goals that NRCS will focus on over the next several years will include: 1) working directly with farmers and landowners to promote the conservation ethic and to encourage more effective stewardship of the natural resources on their property; and 2) enhancing the health and productivity of the nation's cropland in order to sustain food and fiber production and healthy watersheds and natural systems.

In order to meet these ambitious goals, NRCS will still need to rely heavily on the full array of conservation programs provided in the 1996 Farm Bill including the Environmental Quality Incentives Program (EQIP), the Conservation Reserve Program, the Wetlands Reserve Program (WRP), the Farmland Protection Program, and the Wildlife Habitat Incentives Program. In addition, USDA will continue to place emphasis on working in partnership with the conservation districts and state conservation agencies to provide assistance to farmers, ranchers, and other landowners and users to conserve and protect the country's natural resources on private lands. The Department will also seek to better coordinate the functions and personnel of the different field agencies in order to provide a more seamless and efficient field delivery system.

Under this budget, the Department will support implementation of the Administration's Clean Water Action Plan primarily through competitive partnership grants and through additional financial and technical assistance to owners and operators of animal feeding operations. In the watershed construction area, the Department will continue its efforts to direct funds to only those projects that meet established environmental criteria and where local sponsor support is strong.

Conservation Operations (CO). The 2000 budget proposes \$681 million for conservation operations which includes \$585 million for conservation technical assistance

NATURAL RESOURCES AND ENVIRONMENT

(CTA). This will fund the agency's activities that support locally led, voluntary conservation through the unique partnership that has been developed over the years with each conservation district. This partnership provides the foundation on which the Department can implement many of the critical natural resource programs including conservation compliance, the CRP and the conservation initiatives called for in the 1996 Farm Bill.

Addressing the water pollution problem caused by animal feeding operations (AFO's) has been a high priority within the Department. In September 1998, as called for in the Administration's Clean Water Action Plan, the Department and the Environmental Protection Agency (EPA) jointly released for public comment a draft AFO Strategy that establishes national performance expectations for all AFO owners and operators and presents a series of actions that USDA and EPA will take to minimize the water quality and public health impacts of the nearly 450,000 AFO's in the United States. To help those AFO operators that need to develop and implement waste management plans, NRCS will direct \$20 million in CTA funding in 2000, including an increase of \$8 million to support the voluntary component of the AFO Strategy, under which producers would receive necessary technical assistance without financial assistance. Implementation of the President's Clean Water Action Plan will also be supported in the budget through a \$20 million investment in competitive partnership grants that will be used to strengthen the leadership capacity of locally-based institutions such as conservation districts, watershed councils, RC&D councils, etc. A further increase of \$3 million will be used by NRCS for additional monitoring to help target resources and document baseline conditions and performance.

The proposal for CO also includes \$15 million to help support the USDA share of the Administration's global climate change initiatives. This includes \$12 million for soil studies and inventories to provide accurate baseline soil carbon data and to assess the impacts of Federal programs on soil carbon stocks at the national, regional, and field levels. The remaining \$3 million increase will be used to fund demonstration and pilot projects to test various carbon sequestration and greenhouse gas mitigation strategies and monitoring mechanisms.

Finally, \$31 million of work which was previously funded through the CO account is proposed as part of a consolidated administrative support services request. This work includes acquisition of digitized soils data and ortho photographic data as well as support for the Common Computing Environment.

As part of the Administration's "digital earth" vision, the budget proposes an increase of \$5 million to enable access and standardization of geospatial data supporting Federal, State and local governmental programs.

Watershed and Flood Prevention Operations (WFPO). The 2000 budget proposes a funding level of \$83 million for this activity which will be devoted to technical assistance and project implementation costs. The budget request includes the use of \$1 million for educational assistance to notify watershed sponsors about the need to inspect and

NATURAL RESOURCES AND ENVIRONMENT

rehabilitate the aging dams built during the past 50 years. The Department will again focus project implementation funds on the most cost effective and environmentally beneficial projects and emphasize nonstructural management systems. NRCS will also continue its effort to reduce the backlog of unfunded work by examining approved watershed plans in order to deactivate or revise those that have become infeasible or where local sponsor interest is no longer strong.

Watershed Surveys and Planning. NRCS works with local sponsoring organizations to develop plans on watersheds dealing with water quality, flooding, water and land management, and sedimentation problems. These plans then form the basis for installing needed works of improvement. The agency also works cooperatively with State and local governments to develop river basin surveys and floodplain management studies to help identify water and related land resource problems and evaluate alternative solutions. In 2000, this activity is proposed to be funded at \$12 million.

Resource Conservation and Development (RC&D). The purpose of the RC&D program is to encourage and improve the capability of State and local units of government and local nonprofit organizations in rural areas to plan, develop, and carry out programs for resource conservation and development. NRCS also helps coordinate available Federal, State, and local programs. The 2000 budget will support the 315 RC&D areas now authorized.

Debt for Nature. The budget includes \$5 million to help implement the Debt for Nature program which will provide technical and financial assistance to USDA borrowers with serious cash flow problems who also have lands that require conservation treatment. In order to help the thousands of borrowers who face foreclosure as a result of the declining farm economy, NRCS will direct these funds to provide for expanded technical and cost-share assistance.

Wildlife Habitat Incentives Program (WHIP). WHIP is a voluntary program that provides cost-sharing for landowners to apply an array of wildlife practices to develop habitat that will support upland wildlife, wetland wildlife, threatened and endangered species, fisheries, and other types of wildlife. A total of \$50 million was authorized for the program in the 1996 Farm Bill and these funds will be fully exhausted in 1999. In order to continue the program in 2000, new legislation will be proposed authorizing an additional \$10 million in spending for WHIP in 2000.

Environmental Quality Incentives Program (EQIP). EQIP combines into a single program the functions of four previous incentive-based programs: the Agricultural Conservation Program, the Great Plains Conservation Program, the Water Quality Incentives Program, and the Colorado River Basin Salinity Control Program. The purpose of the program is to provide flexible technical, educational and financial assistance to landowners that face serious natural resource challenges that impact soil, water and related natural resources, including grazing lands, wetlands, and wildlife habitat management. In addition, it was designed to help producers make beneficial and cost-effective changes to cropping and grazing systems, and in manure, nutrient and pest

NATURAL RESOURCES AND ENVIRONMENT

management, that conserve and improve soil, water, and related natural resources. In 2000, EQIP funding will be increased by \$126 million primarily to: 1) address the President's Clean Water Action Plan by boosting the level of financial assistance available to operators of animal feeding operations, and 2) to allow NRCS to increase financial assistance to small and limited resource farmers as called for in USDA's Civil Rights Action Team report.

Farmland Protection Program (FPP). FPP is designed for the Federal government to establish partnerships with State, tribal or local government entities in sharing the costs of acquiring conservation easements or other interests to limit conversion of agricultural lands to nonagricultural uses. FPP acquires perpetual conservation easements or other interests on a voluntary basis on lands with prime, unique, or other productive soil that presents the most social, economic, and environmental benefits. FPP will provide matching funds of no more than 50 percent of the purchase price for the acquired easements. Since authorized funding levels were reached in 1998, new funding authority of \$27.5 million is being proposed in 2000.

The Administration's budget also proposes to provide \$50 million in discretionary funding for FPP to enhance Federal support for "smart growth" programs that address urban sprawl issues, protect productive farmland and preserve open space.

Wetlands Reserve Program (WRP). WRP is a voluntary program in which landowners are paid to retire cropland from agricultural production if those lands are restored to wetlands and protected, in most cases, with a long-term or permanent easement. Landowners receive fair market value for the land and are provided with cost-share assistance to cover the restoration expenses. The 1996 Farm Bill changed WRP to give producers the option of long-term or permanent easements, or restoration cost-share agreements under which landowners will agree to restore wetlands without payment for the land, receiving only cost-share assistance. For 2000, the budget proposes to enroll an additional 199,820 acres into the program which would bring total cumulative enrollment to 975,000 acres by the end of 2000, the maximum level currently authorized for the program.

Conservation Reserve Program (CRP). CRP is administered by the Farm Service Agency and is described on page 22.

NATURAL RESOURCES AND ENVIRONMENT

FOREST SERVICE (FS)

Program Level
(Dollars in Millions)

| Program | 1998 Actual | 1999 Current Estimate | 2000 Budget |
|---|----------------|-----------------------------|----------------|
| Discretionary Accounts: | | | |
| Management of the National Forest System: | | | |
| Land Mgmt. Planning/Inventory | \$128 | \$121 | \$138 |
| Recreation Use | 186 | 188 | 195 |
| Wildlife/Fisheries Mgmt. | 97 | 100 | 124 |
| Rangeland Management | 45 | 57 | 65 |
| Timber Sales Management | 209 | 227 | 197 |
| Soil, Water/Air Mgmt. | 51 | 56 | 67 |
| Landowner Management | 62 | 61 | 64 |
| Infrastructure Management | 56 | 71 | 76 |
| General Administration | 262 | 256 | 256 |
| Other | 177 | 162 | 175 |
| Subtotal, NFS | 1,273 | 1,299 | 1,357 |
| Reconstruction and Construction | 251 | 297 | 295 |
| Wildland Fire Management: | | | |
| Presuppression | 322 | 325 | 325 |
| Suppression and Hazardous Fuels | 265 | 235 | 236 |
| Land Acquisition | 53 | 118 | 118 |
| Other Accounts | 5 | 5 | 4 |
| Total | 2,169 | 2,279 | 2,335 |
| Forest and Rangeland Research | 188 | 197 | 235 |
| State and Private Forestry: | | | |
| Forest Health/Fire Protection | 74 | 78 | 95 |
| Cooperative Forestry: | | | |
| Forest Stewardship | 24 | 29 | 29 |
| Stewardship Incentives | 7 | 0 | 5 |
| Smart Growth | -- | -- | 10 <u>a/</u> |
| Forest Legacy | 4 | 7 | 50 |
| Urban/Community Forestry | 27 | 31 | 40 |
| Other | 25 | 26 | 23 |
| Total, Cooperative Forestry | 87 | 93 | 157 |
| Supplemental | 48 | 0 | 0 |
| Subtotal, S&PF | 209 | 171 | 252 |
| Total, Discretionary Accounts | 2,566 | 2,647 | 2,822 |

NATURAL RESOURCES AND ENVIRONMENT

| Program | 1998 Actual | 1999 Current Estimate | 2000 Budget |
|---|----------------|-----------------------------|----------------|
| Mandatory Accounts: | | | |
| Permanent Working Funds | 247 | 254 | 180 |
| Payments to States, National Forests | 234 | 242 | 263 |
| Payment Funds, Grasslands/Minn . . | 7 | 7 | 7 |
| Trust Funds | 198 | 250 | 214 |
| Total, Mandatory Accounts | 686 | 754 | 664 |
| Total, Ongoing Programs | 3,252 | 3,401 | 3,486 |
| One-time Transfer from | | | |
| Interior for Land Acquisition | 167 | 0 | 0 |
| Subsistence Maintenance | 0 | 3 | 0 |
| Total, Program Level | 3,419 | 3,404 | 3,486 |
| Fire Emergency Accounts: | | | |
| Fire Suppression: | | | |
| Available Fire Supp. Contingency . | (250) | (102) | (90) |
| Total, FS | \$3,419 | \$3,404 | \$3,486 |

a/ Will support \$50 million in subsidized loans.

The Forest Service, with an employment ceiling of 34,984 staff years in 1999, is the largest employer in USDA. The FS operates in three major program areas:

- **Management of the National Forests and Grasslands.** The Forest Service manages approximately 191 million acres of public land -- about 110 percent of the area of the State of Texas -- located in 44 States, Puerto Rico, and the Virgin Islands. These lands, known collectively as the National Forest System, are managed for multiple use on a sustained-yield basis using sound ecological principles to meet the needs of people today while maintaining or improving the productivity, health, resilience and vigor of forest resources for future generations. The National forests produce diverse benefits for the American people ranging from outdoor recreation, wildlife and fish and watershed protection, to timber, forage, and minerals.
- **Forest and Rangeland Research.** The Forest Service maintains one of the world's largest forest research organizations. While it has a very broad mission to develop the knowledge and technology needed to enhance the economic and environmental values of all the Nation's forests and related industries, it also must support the

NATURAL RESOURCES AND ENVIRONMENT

specific research needs that arise from the FS's prime responsibility of managing the National Forest System.

- **State and Private Forestry.** The Forest Service makes grants and provides technical assistance to State forestry agencies and other cooperators for protecting forest resources and improving forest management on nonindustrial private forest lands. Funding is provided for forest pest suppression on all Federal lands and cost-share assistance is made available for pest suppression on private lands. A cooperative fire protection program provides technical and limited financial support for State wildfire fighting organizations. The Forest Stewardship and Stewardship Incentives Programs provide technical and financial assistance to nonindustrial private landowners for a variety of stewardship practices including tree planting. In addition, there are several small programs which provide technical and financial assistance to natural resources dependent rural communities.

Forest Service
Programs Related to Watershed Protection and Restoration
(Dollars in Millions)

| Program | 1998 Actual | 1999 Current Estimate | 2000 Budget |
|--|----------------|-----------------------------|----------------|
| Watershed Improvements | \$25.6 | \$30.2 | \$40.2 |
| Range Vegetation Management | 17.8 | 28.5 | 36.5 |
| Forestland Management | 274.6 | 285.2 | 270.2 |
| Wildlife and Fisheries Habitat | 96.8 | 100.4 | 123.8 |
| Road Maintenance | 85.0 | 99.9 | 122.5 |
| Hazardous Fuels Reduction | 50.0 | 65.0 | 65.0 |
| Forest Stewardship | 23.9 | 28.8 | 28.8 |
| Stewardship Incentives Program | 6.5 | 0.0 | 5.0 |
| Forest Legacy | 4.0 | 7.0 | 50.0 |
| Smart Growth <u>a/</u> | -- | -- | 10.0 |
| Land Acquisition | 53.0 <u>b/</u> | 118.0 | 118.0 |
| Total | <u>\$637.2</u> | <u>\$763.0</u> | <u>\$870.0</u> |

- a/ Budget Authority level will support a \$50 million intermediate relending program.
b/ Does not include \$167 million made available in 1998 as a one-time increase.

NATURAL RESOURCES AND ENVIRONMENT

Watershed Protection and Restoration. In 1997, Secretary Glickman directed the Chief of the Forest Service to develop a comprehensive natural resources agenda to guide the agency. One immediate priority is maintaining and restoring the health of the land, with the first emphasis area being watershed health and restoration. Several Forest Service programs play an important role in protecting and restoring degraded watersheds. The aggregate funding proposed for these programs is \$107 million above the 1999 level, a 14 percent increase.

Forest Service Recreation Related Programs (Dollars in Millions)

| Program | 1998 Actual | 1999 Current Estimate | 2000 Budget |
|--|----------------|-----------------------------|----------------|
| Recreation and Trails: | | | |
| Recreation Operations and Maint. | \$143.0 | \$145.0 | \$145.0 |
| Wilderness Management | 29.4 | 29.6 | 36.6 |
| Heritage Resources | 13.9 | 13.1 | 13.1 |
| Facilities Construction | 49.6 | 57.5 | 59.5 |
| Trail Construction | 27.3 | 29.6 | 13.2 |
| Total, Recreation and Trails | 263.2 | 274.8 | 267.4 |
| Wildlife: | | | |
| Wildlife Habitat | 31.2 | 32.1 | 37.1 |
| Inland Fisheries Habitat | 17.8 | 19.0 | 26.0 |
| Total, Wildlife Related to Rec. | 49.0 | 51.1 | 63.1 |
| Land Acquisition <u>a/</u> | 53.0 | 118.0 | 118.0 |
| Total | <u>\$365.2</u> | <u>\$443.9</u> | <u>\$448.5</u> |

a/ Land Acquisition does not include \$167 million made available in 1998 as a one-time increase.

Recreation Related Programs. The National Forests are the leading provider of total outdoor recreation use. The recreation programs contribute to the GPRA strategic plan goal of Providing Multiple Benefits for People Within the Capabilities of Ecosystems. The public uses the National Forests for a broad array of outdoor recreational experiences, including camping, hiking, hunting, fishing, and skiing, mountain biking, snowmobiling, bird watching and participating in archaeological excavations. Funding in support of recreation includes the operation and maintenance of outdoor recreation facilities, wildlife and fish habitat work which supports game species as well as the wildlife resource generally, and

NATURAL RESOURCES AND ENVIRONMENT

land acquisition which gives a high priority to ensuring the protection of national recreation areas, designated wilderness, and wild and scenic river corridors.

Payments to States. Under existing law, 25 percent of most FS receipts are paid to the States for distribution to the counties in which the forests are located for financing roads and schools. About 800 counties across the Nation receive such payments. Historically, the largest source of receipts is from the sale of timber on the National Forests. Timber receipts have declined in recent years due to the need to manage forests on an ecosystem basis which takes into account the needs of a broad range of resources such as wildlife, water quality, and outdoor recreation. In addition, the program emphasis has shifted from timber production and sales as a strictly commodity activity to forestland management. A significant portion of the program now consists of the sale of lower valued material such as smaller diameter or dead and dying trees to achieve better forest and watershed conditions. This also tends to dampen receipts.

In the 1999 budget, the Administration proposed legislation which would provide all county governments with a predictable and equitable level of payments for the national forests. While it was not enacted, the problem of declining payments linked to timber receipts remains. In 2000, the Administration will again propose legislation to stabilize the payments. The program will continue to be funded by a permanent indefinite appropriation to ensure that payments will not decline in future years.

Timber Program. The timber program contributes to the achievement of the Forest Service GPRA strategic plan goal of Providing Multiple Benefits for People Within the Capabilities of Ecosystems as well as the goal of Ensuring Sustainable Ecosystems. In 1998, 3.4 Billion Board Feet (BBF) was offered for sale and 3.0 BBF was sold. The current estimate is that 3.3 BBF will be offered for sale in 2000 compared to an estimated 3.6 BBF in 1999.

Forest and Rangeland Research. The GPRA strategic plan objective of Ensuring Organizational Effectiveness commits FS to striving for better resource management decisions based on the best available scientific information and knowledge. For 2000, the Forest Research budget proposes \$235 million, a \$38 million and a 19 percent increase over 1999. The increase includes \$5 million for the Global Change Initiative, \$6 million for the Climate Change Technology Initiative, \$5 million for optimization research related to decision support systems such as land management planning, and \$14 million for the Administration's Integrated Science for Ecosystem Challenges (ISEC) Initiative. Included in the funding for the ISEC initiative, is an increase of \$5 million for research related to controlling invasive species.

State and Private Forestry. State and Private Forestry programs contribute to all three GPRA strategic plan goals. Total funding is proposed at \$292 million for 2000. Protection of forest resources of all ownerships, including Federal lands, from damage due to pests is funded at \$62 million, a \$7 million increase over 1999. Most of the increase will be used for the Gypsy Moth Slow-the-Spread project. Assistance to State wildfire fighting agencies and rural volunteer fire departments is funded at \$34 million, an

NATURAL RESOURCES AND ENVIRONMENT

increase of \$10 million (+43 percent) over 1999. The cooperative forestry programs provide grants and assistance to State forestry agencies and other cooperators for a variety of purposes ranging from assisting nonindustrial private landowners with stewardship planning to acquiring interests in woodlands threatened with conversion to other uses. These programs are funded at \$157 million, an increase of \$64 million (+69 percent) over 1999. The programs in the Lands Legacy Initiative, described on page 71, account for most of the increase.

Wildland Fire Management. This program funds both preparedness costs such as the pay and training of permanent fire crews and aircraft availability, as well as the cost of operations to suppress fires. These activities contribute to the achievement of the GPRA strategic plan goal of Ensuring Sustainable Ecosystems. The cost of fire suppression has varied dramatically during the last two decades, and is inherently unpredictable.

The 1994 and 1996 fire seasons were two of the most severe and expensive firefighting seasons on record. \$678 million was spent on fire suppression in 1994, and \$513 million was spent in 1996. The 1998 fire season was \$219 million, and the 10 year average (1989-1998) is \$292.7 million. Firefighting has become more expensive because of the growth of urban areas into what were previously wildlands. This has meant that fire must be fought vigorously to protect human life and property rather than making decisions based solely on natural resource values. In addition, drought, insect infestations and continual suppression in some areas have caused a significant buildup of fuels.

The 2000 budget provides \$326 million for fire suppression consisting of \$236 million in direct appropriations and \$90 million of emergency contingency funding to be used on an as needed basis. In addition, \$352 million of emergency contingency funds from prior years remains available. For preparedness activities, the Wildland Fire Management request includes \$325 million, the same level appropriated in 1999. The hazardous fuels management program (a component of fire suppression) is funded at \$65 million, the same amount estimated for 1999.

NATURAL RESOURCES AND ENVIRONMENT

Forest Service Programs Included in Lands Legacy Initiative (Dollars in Millions)

| Program | 1998 Actual | 1999 Current Estimate | 2000 Budget |
|--|------------------|-----------------------------|----------------|
| Land Acquisition | \$53.0 <u>a/</u> | \$117.9 | \$118.0 |
| Forest Legacy | 4.0 | 7.0 | 50.0 |
| Urban and Community Forestry | 26.8 | 30.5 | 40.0 |
| Smart Growth <u>b/</u> | -- | -- | 10.0 |
| Total | <u>\$83.8</u> | <u>\$155.4</u> | <u>\$218.0</u> |

a/ Does not include \$167 million made available in 1998 as a one-time increase.

b/ Budget authority level will support a \$50 million intermediate relending program.

As the Nation's population and prosperity grows, there are new challenges to preserve the natural heritage and green spaces that Americans have come to treasure. The 2000 budget proposes a \$1 billion national program to protect great places and to provide the tools for localities and states to plan for smart growth and open space preservation.

Forest Service land acquisitions will continue to add lands valuable for recreation, wildlife habitat, and watershed protection to the national forests. The Forest Legacy Program provides funds for the acquisition of easements on private lands to protect critical environmental habitat threatened with development. The Urban and Community Forestry Program provides grants to States and localities to establish, maintain, or expand urban and community forests and related open spaces that serve to support viable communities and neighborhoods. The new Smart Growth Partnership Program is a revolving loan program for State and local governments, non-profit corporations, Indian tribes and cooperatives to use subsidized loans for smart growth land acquisition, easements and land use management. This will help communities to protect open spaces, limit sprawl, enhance air and water quality, reduce greenhouse emissions and increase greenspace. The program will be based on the Department's existing Intermediary Relending Program, in which direct loans are provided to intermediate borrowers such as state and local governments, non-profit corporations, Indian tribes and cooperatives which in turn relend the funds to land trusts, private non-profit organizations, etc. Sufficient budget authority (\$10 million) has been provided to support a loan program level of \$50 million.

NATURAL RESOURCES AND ENVIRONMENT

Forest Service Land and Facility Restoration Initiative (Dollars in Millions)

| Program | 1998 Actual | 1999 Current Estimate | 2000 Budget |
|--|----------------|-----------------------------|----------------|
| Recreation Operations <u>a/</u> | \$143.0 | \$145.0 | \$145.0 |
| Infrastructure Management <u>a/</u> | 56.2 | 70.7 | 75.7 |
| Road Maintenance and Decommissioning <u>a/</u> | 85.0 | 99.9 | 122.5 |
| Facilities Construction and Reconstruction | 50.7 | 69.9 | 63.4 |
| Road Construction and Reconstruction . . . | 88.1 | 98.0 | 96.5 |
| Trail Construction and Reconstruction . . . | 27.3 | 29.6 | 13.1 |
| Total, Land and Facility Restoration | <u>\$450.3</u> | <u>\$513.1</u> | <u>\$516.2</u> |

a/ The 1998 figures for Recreation, Infrastructure, and Road Maintenance have been adjusted for comparability due to budget structure changes made in the 1999 appropriation.

Land and Facility Restoration Initiative. Funding of \$516.2 million is proposed as part of the second year of the Administration's facilities restoration initiative, maintaining the effort at essentially the 1999 level, 15 percent above 1998 funding. This emphasizes the Administration's commitment to the long-term stewardship of federal lands and facilities. Within the initiative, increased funding is focused on road maintenance and decommissioning and on infrastructure management. Road construction and reconstruction is funded at approximately the 1999 level which was a significant increase over 1998. During 1998, the Department published an advance notice of proposed rulemaking to revise the regulations governing the Forest Service road system which includes 373,000 miles of inventoried forest system roads. An 18 month moratorium on construction of roads in certain roadless areas was also proposed as an interim measure to provide ample time for consideration of public comments and for the careful development of a new forest road policy.

Offsetting Adjustments. In order to partially defray the cost of Forest Service programs a number of legislative proposals and administrative measures are being developed which will have the effect of offsetting some of the increases in discretionary funding available for Forest Service activities. These include:

- Timber sales are made for commodity, stewardship, and personal use purposes. Timber sale receipts equal to some of the direct costs incurred in the past in the preparation of the sales will be recovered at the time of sale. This is analogous to charging a user fee and is consistent with other proposals for user fees in the

NATURAL RESOURCES AND ENVIRONMENT

Department's programs. Another change to the timber program is the institution of a sealed bid system for timber sales in those geographic areas currently permitting oral bids.

- Overhead and indirect expenses will no longer be charged against the timber salvage and brush disposal permanent appropriations nor the Knutson-Vandenberg trust fund. These costs will be financed through discretionary appropriations.
- There will be increased efforts to charge fair market value for commercial goods and services provided by the Forest Service. This addresses recommendations made in a number of General Accounting Office reports.

MARKETING AND REGULATORY PROGRAMS

MISSION

The mission of Marketing and Regulatory Programs is to facilitate the domestic and international marketing of U.S. agricultural products and to ensure the health and care of animals and plants while improving market competitiveness and the economy for the overall benefit of both consumers and American agriculture.

The Marketing and Regulatory Programs are administered by three agencies: the Agricultural Marketing Service; the Animal and Plant Health Inspection Service; and the Grain Inspection, Packers and Stockyards Administration.

MARKETING AND REGULATORY PROGRAMS

AGRICULTURAL MARKETING SERVICE (AMS)

Program Level
(Dollars in Millions)

| Program | 1998 Actual | 1999 Current Estimate | 2000 Budget |
|---|----------------|-----------------------------|----------------|
| Marketing Services: | | | |
| Market News | \$22 | \$22 | \$24 |
| Shell Egg Surveillance and Standards Development | 6 | 6 | 6 |
| Market Protection and Promotion: | | | |
| Pesticide Data Program | 8 | 11 | 19 |
| Organic Standards | 1 | 1 | 2 |
| Other | 5 | 4 | 3 |
| Wholesale Market Development | 2 | 2 | 3 |
| Transportation Services | 3 | 3 | 3 |
| Total, Marketing Services | 47 | 49 | 60 |
| Payments to States | 1 | 1 | 1 |
| Section 32 Funds: | | | |
| Marketing Agreements and Orders (MA&O) | 10 | 11 | 12 |
| Commodity Purchase Services | 6 | 7 | 9 |
| Total, Section 32 Funds | 16 | 18 | 21 |
| User Fees: | | | |
| Perishable Agricultural Commodities Act | 8 | 7 | 7 |
| Commodity Grading Services | 157 | 167 | 167 |
| Total, User Fee Funded Programs | 165 | 174 | 174 |
| Total, AMS Program Level ... | \$229 | \$242 | \$256 |
| Recap: | | | |
| AMS Appropriations | \$48 | \$50 | \$61 |
| User Fees | 165 | 174 | 174 |
| Section 32 Funds | 16 | 18 | 21 |

MARKETING AND REGULATORY PROGRAMS

AMS facilitates the marketing of agricultural products in domestic and international markets, while ensuring fair trading practices. AMS programs promote a competitive and efficient marketplace, which benefits consumers and producers. A majority of AMS programs are voluntary and funded by the users of the program. AMS has cooperative agreements with the States to administer in whole or in part several AMS programs. Under these agreements, State employees carry out the program. AMS is organized along commodity lines that reflect major segments of the agricultural industry. Headquarters staff are responsible for overseeing the administration of programs. AMS field employees are located in processing plants, at shipping points, produce terminals, auction houses, and warehouses. Field offices, established for supervision and administrative purposes, are located in key production areas.

For 2000, the AMS budget proposes a program level of \$256 million of which \$174 million (68 percent) will be funded by user fees and \$82 million (32 percent) by appropriations and section 32 funds.

Marketing Services. AMS administers a variety of programs that enhance the marketing and distribution of agricultural products. Activities include the dissemination of market information, surveillance of shell egg handling operations, development of grade standards, protection of producers from unfair marketing practices, random testing of commodities for pesticide residues, development of organic standards, research and technical assistance aimed at improving efficiency of food marketing and distribution, and pesticide recordkeeping.

The 2000 budget requests programmatic increases of \$11.4 million for a variety of program activities including:

- \$2.4 million to enhance data collection to support EPA data requirements under Food Quality Protection Act of 1996 (FQPA). FQPA requires a rapid response capability for EPA to complete risk assessment evaluations for pesticides affecting multiple commodities. More than 9,000 tolerances will need to be reviewed in the next 10 years. In addition, AMS will modify existing methodologies to test meat, poultry, eggs, and drinking water for pesticide residues. This data is necessary for EPA to fulfill the requirements of FQPA. PDP data will play a crucial role in EPA's evaluations, because it provides information concerning the actual presence of pesticides in foods. Without PDP data, EPA would need to rely on assumptions that may overstate the risk of important pest controls.
- \$6.2 million to broaden the scope of PDP to include microbiological testing of fruits and vegetables as part of the President's Food Safety Initiative. Scientifically-sound estimates of pathogenic contamination will be used to assess the food safety risk posed by microbiological pathogens on fruits and vegetables and target resources to the highest risk areas. Program costs will be minimized by utilizing PDP's existing sampling infrastructure, State laboratories, and data reporting capabilities.

MARKETING AND REGULATORY PROGRAMS

- \$1.4 million to establish Market Reporting of organic products and to finalize implementation of the National Organic Program, including development of an international certification program, accreditation of State departments of agriculture and private persons, establishment of a system to prevent fraudulent labeling, and extensive customer outreach.
- \$1.4 million to improve the marketing of agricultural products by expanding foreign market news reports; increasing the reporting of livestock and poultry markets; and identifying alternative marketing strategies for small farmers.

Payments to States. Under this program, AMS provides matching funds to State departments of agriculture for projects aimed at improving marketing efficiency, reducing marketing costs for producers, and lowering food costs for consumers. This program is funded at the 1999 level.

Section 32 Funds. Section 32 of the Act of August 24, 1935, authorizes the appropriation for each fiscal year of an amount equal to 30 percent of the gross receipts from duties collected under custom laws of the United States during the preceding calendar year. Unused amounts which do not exceed \$300 million are available for use in the following fiscal year. These funds are used to: encourage exports of agricultural commodities; encourage domestic consumption of such commodities; and to re-establish farmers purchasing power. Section 32 funds are also used to finance the administrative costs associated with the purchase of commodities that support domestic food assistance programs, such as the National School Lunch Program. In addition, AMS is responsible for developing the specifications used for food procurement throughout the Federal Government. For 2000, AMS is requesting additional funds:

- \$1.5 million as part of a multi-agency effort to improve the Processed Commodity Inventory Management System, used to allocate, distribute, and account for more than \$1.6 billion of commodities purchased each year to support domestic feeding programs.
- \$0.2 million to pay the Small Business Administration for the costs that agency incurs in certifying firms participating in the Small and Disadvantaged Business Program.

Marketing agreements and orders help stabilize market prices and the supply of milk, fruit, vegetables, and certain specialty crops. The orders are administered locally by marketing order committees and market administrators. Local activities are funded through assessments on regulated producers and handlers. Section 32 funds are also used to finance the administration of marketing agreements and orders at the national level; and for public hearings and producer referenda. For 2000, the budget includes a \$1.4 million increase for the following activities: (1) the enforcement of regulations ensuring that imported commodities meet the same or comparable minimum quality requirements as domestically produced commodities; (2) the administration and enforcement of the the peanut marketing agreement; and (3) the economic analysis used to support commodity procurement and marketing order administration programs.

MARKETING AND REGULATORY PROGRAMS

Perishable Agricultural Commodities Act. This Act provides protection to producers, shippers, distributors, and retailers from unfair and fraudulent practices in the marketing of perishable agricultural commodities. Full and prompt payment for such products is a key objective of the program. The program is funded through an annual licensing fee paid by those subject to the Act.

Commodity Grading Services. AMS provides voluntary commodity grading and classing services for dairy products, fresh and processed fruits and vegetables, meat and meat products, poultry, eggs, tobacco, and cotton. AMS recovers the cost of these services through user fees.

MARKETING AND REGULATORY PROGRAMS

ANIMAL AND PLANT HEALTH INSPECTION SERVICE (APHIS)

Program Level
(Dollars in Millions)

| Program | 1998 Actual | 1999 Current Estimate | 2000 Budget |
|---|----------------|-----------------------------|----------------|
| Pest and Disease Exclusion: | | | |
| Agricultural Quarantine Inspection (AQI) . | \$168 | \$172 | \$178 |
| Fruit Fly Exclusion and Detection | 21 | 23 | 25 |
| All Other. | 54 | 54 | 54 |
| Plant and Animal Health Monitoring: | | | |
| Animal Health Monitoring and Survey . . . | 61 | 63 | 68 |
| Animal and Plant Health Regulatory Enforcement | 6 | 6 | 6 |
| National Animal Health Emergency Management System | -- | -- | 1 |
| Pest Detection | 6 | 6 | 7 |
| Pest and Disease Management: | | | |
| Boll Weevil | 16 | 16 | 3 |
| Brucellosis Eradication | 19 | 12 | 10 |
| Emerging Plant Pests | 4 | 1 | 4 |
| Noxious Weeds | a/ | a/ | 2 |
| Wildlife Services Operations | 29 | 30 | 28 |
| All Other | 29 | 30 | 30 |
| Animal Care | 10 | 10 | 10 |
| Scientific and Technical Services | 55 | 52 | 55 |
| Contingency Fund | 6 | 5 | 4 |
| Total, APHIS Salaries and Expenses . . | 484 | 480 | 485 |
| Emergency Programs funded from CCC . . | 31 | 95 | 0 |
| Trust Funds | 14 | 7 | 7 |
| Buildings and Facilities | 4 | 8 | 7 |
| Total, APHIS Program Level | <u>\$533</u> | <u>\$590</u> | <u>\$499</u> |
| Recap: | | | |
| APHIS Appropriations | \$347 | \$347 | \$340 |
| AQI User Fees | 141 | 141 | 143 |
| Emergency Programs | 31 | 95 | 0 |
| Trust Funds | 14 | 7 | 7 |
| New User Fees | 0 | 0 | 9 |

a/ Funding is less than \$0.5 million

MARKETING AND REGULATORY PROGRAMS

The Animal and Plant Health Inspection Service (APHIS) is responsible for protecting U.S. animal and plant resources from diseases and pests, addressing conflicts with wildlife, and responding to issues of animal well-being. The major areas of activity are as follows:

- Providing inspection and quarantine services at U.S. ports of entry to prevent the introduction of foreign or exotic diseases or pests;
- Surveying and monitoring the spread of plant pests and animal diseases for Federal, State, local, and private action and to document U.S. agricultural health status for trading partners;
- Administering control and eradication programs to combat outbreaks of plant pests and animal diseases;
- Providing scientific and technical assistance to mitigate damage caused by wildlife to agricultural, industrial, natural resources, or human health;
- Inspecting for humane care and handling of animals used in research, exhibition or the wholesale pet trade; and
- Providing scientific and technical assistance for biotechnology, disease diagnostics, and pest control methods development.

APHIS conducts agricultural pest and disease inspection services at all major international airports, shipping ports, and land borders. The agency's field activities are managed through 13 Regional offices and 407 field offices. Much of the agency's work is conducted in cooperation with State and local agencies, private groups, and foreign governments.

The 2000 budget proposes a program level of \$485 million for Salaries and Expenses, a \$5 million increase above the 1999 current estimate. However, this funding level reflects significant redirection of agency activities due to the program successes in many pest and disease management programs such as brucellosis eradication, increased cost-sharing by beneficiaries of Wildlife Services Operations, and transferring more responsibilities of eradicating boll weevil to cotton producers through USDA's Farm Service Agency (FSA) loan program. This funding level also includes increases for Fruit Fly Exclusion and Detection and Animal Health Monitoring and Surveillance activities to increase protection of American agriculture from pests and diseases. Additionally, the 2000 budget proposes user fees to recover some of the costs for administering animal welfare and biotechnology programs.

Agricultural Quarantine Inspection (AQI). The AQI program is the Nation's frontline defense against the introduction of dangerous agricultural pests and diseases from other countries. User fees are charged for inspection of international passengers, aircraft, ships, railcars and trucks. The 2000 budget proposes \$178 million for AQI activities. Expansion of the global economy and free trade have caused an increase in the volume

MARKETING AND REGULATORY PROGRAMS

of passengers and cargo arriving in the U.S. creating the need for increased inspections to reduce the risk of introducing exotic agricultural pests into the U.S. APHIS will improve point-of-entry inspection programs by providing additional inspectors at new ports-of-entry, expanding facilities at high risk ports-of-entry on the Canadian and Mexican borders, and increasing Hawaii pre-departure staffing based on pest risk analyses. APHIS will likely inspect upwards of 85 million passengers and could make about 72,000 interceptions of pests that could endanger U.S. agriculture. APHIS intends to clear most international passengers through the inspection process within 30 minutes or less. Passengers crossing at U.S. land border points, in non-peak traffic periods, can expect clearance through the inspection system in 20 minutes or less on the northern border and 30 minutes or less on the southern border.

Fruit Fly Exclusion and Detection. The 2000 budget provides a program increase of \$2.2 million to strengthen fruit fly detection and control activities in California and Florida. The agency will initiate efforts to carry out the Environmental Protection Agency recommendations to minimize the use of Malathion by enhancing exclusion and detection activities through increased trapping. APHIS will enhance current efforts by working cooperatively with States at increased trapping at levels in Florida and by increasing quality assurance activities in California. The increased funding will reassure U.S. trading partners of our commitment to fruit fly control and ease entry of U.S. produce into foreign countries.

Animal Health Monitoring and Surveillance (AHMS). The 2000 budget requests \$68 million, \$4.6 million above 1999. APHIS would establish a National, voluntary certification and control program for Johnes Disease, an intestinal disease which causes a loss of production in dairy cattle. Funding would support cooperative Federal-State-University studies to determine the epidemiological and statistical principles of Johnes control and test diagnostic methods critical to effective Johnes control. The requested increase would also be used to train State regulatory officials, agency and private accredited veterinarians to perform herd inspections for Johnes Disease.

National Animal Health Emergency Management System. The agency would enhance its emergency preparedness, and response capabilities by establishing a new comprehensive system to address animal disease issues that threaten the U.S. food supply. APHIS would implement a system to detect emerging animal disease threats through ongoing environmental risk assessments and analyses of data. This new system would enable APHIS to provide resources and conduct activities to assist with State and local emergency response efforts directed at bioterrorism.

Boll Weevil. The 2000 budget proposes a reduction of approximately \$13 million below the 1999 current estimate. APHIS would continue to provide an equitable but lower cost-share percentage to all active eradication zones. APHIS would maintain oversight and technical support responsibilities in eradicated and non-infested areas but would discontinue program activities where boll weevil no longer exists. Boll weevil eradication provides significant grower financial benefits. Loans made available to the grower

MARKETING AND REGULATORY PROGRAMS

foundations from USDA's FSA will assist growers in paying a greater share of program costs.

Brucellosis. The Department cooperates with State governments, industry organizations, and individual herd owners to eradicate brucellosis. Consistent with continued program success, the 2000 budget proposes a \$2 million reduction in brucellosis eradication expenditures. APHIS has only 7 States in the final stages of eradication and anticipates that all 50 States will be in Class "Free" Status by the end of 1999. As of January 1999, there were 5 herds under quarantine.

Emerging Plant Pests. The budget proposes an increase of \$2.1 million to expand the Asian longhorned beetle (ALB) programs in Illinois and New York and to target other exotic wood-boring pests. APHIS will conduct and evaluate surveys to assess the pests' scope, will provide tree removal through cooperative agreements with the States, and will conduct methods development activities to prevent spread and future ALB infestations. In doing so, APHIS attempts to maintain the \$80 billion trade market between the U.S. and China.

Noxious Weeds. The proposed funding increase of \$1.7 million would allow APHIS to begin development of a new, national rapid assessment and response system for invasive alien plant pests in the U.S. in support of the Presidential Executive Order on Invasive Alien Species. This program is critical to the establishment of an effective noxious weed prevention and control strategy for the U.S.

Wildlife Services (WS). The 2000 budget proposes a reduction of \$1.8 million in the Federal share of the WS operating expenses requiring cooperators to assume a larger share of direct program costs.

Emergency Program. In FY 1999, \$95 million in Commodity Credit Corporation (CCC) funds are being transferred to APHIS utilizing the Secretary's emergency transfer authority. These funds are being provided to fund programs to control or eradicate pests and diseases including efforts to control pseudorabies in hogs (\$80 million), Asian longhorned beetle in Illinois and New York (\$6.9 million), Classical Swine Fever in the Dominican Republic (\$5.3 million), and Medfly in California and Florida (\$3.2 million).

Buildings and Facilities. An appropriation of \$7.2 million is proposed for general maintenance and to support continued modernization of the Plum Island Animal Disease Center (PIADC) facilities in 2000. Of this amount, \$3.2 million would be provided for PIADC, in addition to \$8.2 million included in the Agricultural Research Service (ARS) budget for this joint ARS-APHIS facility. General repairs and maintenance of other APHIS buildings would be funded with the remaining \$4 million.

MARKETING AND REGULATORY PROGRAMS

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION (GIPSA)

Program Level
(Dollars in Millions)

| Program | 1998 Actual | 1999 Current Estimate | 2000 Budget |
|--|----------------|-----------------------------|----------------|
| Salaries and Expenses: | | | |
| Grain Inspection Activities | \$11 | \$11 | \$12 |
| Packers and Stockyards Activities . . | 13 | 16 <u>a/</u> | 15 |
| Total, Salaries and Expenses | 24 | 27 | 27 |
| Inspection and Weighing User Fees . . | 33 | 43 | 43 |
| Reserve Account Supplemental | 2 | 0 | 0 |
| Total, GIPSA Program Level | 59 | 70 | 70 |
| Existing User Fees | -33 | -43 | -43 |
| New User Fees: | | | |
| Grain Standardization | -- | -- | -4 |
| Capitalization and Startup Costs . . . | -- | -- | 4 |
| Packers and Stockyards Activities . . | -- | -- | -15 |
| Total, GIPSA Appropriations . . | <u>\$26</u> | <u>\$27</u> | <u>\$12</u> |

a/ Includes a one-time restructuring cost of \$2.5 million.

GIPSA establishes the official U.S. standards for grain, conducts official weighing and grain inspection activities, and grades rice, dry beans and peas, processed grain products, and hops. The agency also provides assurance for the financial integrity of the livestock, meat, and poultry markets. The agency monitors the activities of dealers, market agencies, live poultry dealers and packers in order to protect producers, consumers, and industry from deceptive and fraudulent practices in the meat and poultry industries.

GIPSA supervises 8 State and 54 designated private agencies for grain inspection and weighing services at domestic locations; provides supervision and other services from 25 field offices; and handles appeals of grain inspection services in Kansas City, Missouri. Packers and Stockyards (P&S) Programs currently operates out of 12 field offices.

In FY 1999, \$2.5 million was appropriated for restructuring the Packers and Stockyards (P&S) activities of GIPSA. The restructuring consolidates two current program divisions

MARKETING AND REGULATORY PROGRAMS

and six branches into a single policy/litigation support office with three branches, consolidates eleven regions into three, and transfers at least 20 percent of headquarters positions to the field. GIPSA recently opened the Des Moines, Iowa Regional office. Employee relocations are expected to be completed by mid-June 1999. Nine of the remaining field offices will be closed by June 30, 1999 completing the consolidation into the three Regional offices in Atlanta, Denver and Des Moines.

For 2000, the budget proposes a program level for Salaries and Expenses of \$27 million with \$12 million being devoted to grain inspection activities for standardization, compliance, and methods development. GIPSA expects to inspect 237 million metric tons of grain and 4 million metric tons of rice. The 2000 budget proposes legislation, which if enacted, would authorize the collection of \$4 million in additional user fees to cover costs of developing, reviewing, and maintaining official U.S. grain standards used by the entire grain industry.

The 2000 budget proposes \$15 million for Packers and Stockyards Programs, which includes the following program changes:

- An increase of \$0.2 million to enable electronic submission of industry data as required by the Paperwork Reduction Act of 1995 and would enable savings to businesses;
- An increase of \$0.8 million to expand poultry compliance activities. GIPSA would increase the number and scope of poultry compliance investigations; and,
- An increase of \$0.6 million for monitoring and analyzing packer competitive practices and the implications of structural changes and behavioral practices in the meat packing industry.
- A decrease of \$2.5 million for one-time restructuring cost.

The Department continues to support and implement recommendations made by the Secretary's Advisory Committee on Agricultural Concentration to promote competition and improve market performance and confidence in the livestock and poultry sectors. For example, continuous, systematic collection and analysis of data along with aggressive investigative activities enable GIPSA to survey procurement practices, trade practices and competitive conditions and to analyze whether violations of the Packers and Stockyards Act are occurring or likely. GIPSA has directed efforts towards investigating trade practices of packers, market agencies, and dealers to detect fraudulent transactions and to guard against unfair trade practices detrimental to producers and the industry. The recruitment of investigators with economic and legal expertise allows GIPSA to move towards developing additional skills for investigations involving complex, anti-competitive practices. The proposed additional resources are needed to expand the agency's capability to monitor and investigate the competitive implications of structural changes and behavioral practices in the meat packing and poultry industries.

MARKETING AND REGULATORY PROGRAMS

The 2000 budget also repropose legislation, which if enacted, would authorize the collection of license fees to administer the Packers and Stockyards Act (the Act). License fees would be applied to those subject to the Act (i.e., packers, livestock and poultry dealers, and meat buyers) to protect them from unfair and fraudulent marketing practices. The budget also proposes \$4 million to capitalize a reserve fund and to finance start-up costs.

RESEARCH, EDUCATION, AND ECONOMICS

MISSION

The Research, Education and Economics (REE) mission area is assigned Federal leadership responsibility for the discovery and dissemination of knowledge spanning the biological, physical, and social sciences related to agricultural research, extension, higher education, economic analysis, and statistics. REE responsibilities are carried out by four agencies:

- The Agricultural Research Service (ARS) is the principal in-house research agency in USDA in the area of natural and biological sciences.
- The Cooperative State Research, Education, and Extension Service (CSREES) is the Federal partner in the USDA-supported system of extramural research, higher education, and extension activities.
- The Economic Research Service (ERS) is the principal intramural social science research agency in USDA.
- The National Agricultural Statistics Service (NASS) provides the official current statistics on agricultural production and indicators of the economic and environmental welfare of the farm sector. In FY 1997, NASS assumed responsibility for conducting the Census of Agriculture, previously conducted by the Bureau of the Census of the Department of Commerce.

The REE mission is accomplished through ongoing programs and initiatives proposed in the 2000 budget that disseminate scientific knowledge, promote technology transfer, and provide educational opportunities to achieve the five Government Performance and Results Act (GPRA) goals of the REE mission area as follows:

- An agricultural production system that is highly competitive in the global economy;
- A safe and secure food and fiber system;
- A healthy, well-nourished population;
- An agricultural system which protects natural resources and the environment; and
- Enhanced economic opportunity and quality of life for Americans.

Funds proposed for ARS, ERS and the research and education activities of CSREES are included in the President's 21st Century Research Fund.

RESEARCH, EDUCATION, AND ECONOMICS

Program Level
(Dollars in Millions)

| Program | 1998 Actual | 1999 Current Estimate | 2000 Budget |
|--|----------------|-----------------------------|----------------|
| Agricultural Research Service | \$843 | \$890 | \$901 |
| Cooperative State Research, Education and Extension Service | 896 | 930 | 1,073 |
| Economic Research Service | 72 | 65 | 56 |
| National Agricultural Statistics Service | 118 | 104 | 101 |
| Total, REE | <u>\$1,929</u> | <u>\$1,989</u> | <u>\$2,131</u> |

The budget provides \$2.1 billion for the four REE agencies in 2000, an increase of 8 percent over 1999. Proposed increases support high priority initiatives and programs addressing critical issues and problems facing agriculture and the Nation, such as food production, food safety, pest management, and environmental quality. The budget includes \$120 million for the Initiative for Future Agriculture and Food Systems.

RESEARCH, EDUCATION, AND ECONOMICS

AGRICULTURAL RESEARCH SERVICE (ARS)

Program Level
(Dollars in Millions)

| Activity | 1998 Actual | 1999 Current Estimate | 2000 Budget |
|---|----------------|-----------------------------|----------------|
| Research and Information: | | | |
| Soil, Water and Air Sciences | \$84 | \$86 | \$108 |
| Plant Science | 253 | 275 | 278 |
| Animal Science | 120 | 127 | 131 |
| Commodity Conversion and Delivery | 148 | 162 | 160 |
| Human Nutrition | 70 | 68 | 89 |
| Integration of Agricultural Systems . . | 28 | 30 | 31 |
| Information and Library Services . . . | 20 | 19 | 21 |
| Repair and Maintenance | 18 | 18 | 18 |
| Contingency Research Fund | 1 | 1 | 1 |
| Total, Ongoing Research and Info. | 742 | 786 | 837 |
| Supplemental Drug Control Research Funding | -- | 28 | -- |
| Total, Research and Information . | 742 | 814 | 837 |
| Trust Funds | 20 | 20 | 20 |
| Buildings and Facilities | 81 | 56 | 44 |
| Total, ARS | <u>\$843</u> | <u>\$890</u> | <u>\$901</u> |

ARS provides access to agricultural information and develops new knowledge and technology needed to solve technical agricultural problems of broad scope and high national priority. ARS is responsible for the National Agricultural Library (NAL), the Nation's major information resource in the food, agricultural and natural resource sciences. ARS has 105 locations throughout the U.S. and abroad. Beltsville, Maryland is the site of the world's largest multi-disciplinary agricultural research facility. The ARS base budget is comprised of seven programmatic objectives which determine ongoing research priorities and areas of emphasis as follows:

RESEARCH, EDUCATION, AND ECONOMICS

- **Soil, Water, and Air Sciences.** Development of a sound scientific basis to provide advanced technical assistance and education to producers to manage and conserve soil, water, and air resources is the main emphasis of this research area.
- **Plant Science.** Ongoing ARS research addresses a wide range of crop production issues, including pest and disease resistance, maintenance and improvement of plant germplasm.
- **Animal Science.** Research in this program is directed toward solving major issues faced by producers and consumers of meat and poultry products. Areas of emphasis include disease prevention, genetics and genome mapping, reproduction, production-related nutrition, food quality, and food safety concerns.
- **Commodity Conversion and Delivery.** This research within ARS focuses on post-harvest food safety and quality concerns, development of new food and industrial uses for agricultural commodities and elimination of barriers to the export of commodities.
- **Human Nutrition.** ARS supports six research centers striving to enhance understanding of nutritional needs of diverse populations, including children, the elderly, pregnant and lactating women, and healthy adults. Results of this work identify the impact of nutrients in reducing chronic disease risks and predicting health outcomes. ARS research activities in this area are closely coordinated with other nutrition-related programs in USDA and medical research programs in the Department of Health and Human Services.
- **Integration of Agricultural Systems.** Research in this category includes projects to integrate the results of specific programs into production systems which are sustainable, environmentally-benign and profitable for farmers and ranchers. Projects include the development of models and decision support systems to assist producers in making production decisions and managing natural resources.
- **Information and Library Services.** As part of ARS, NAL will continue to provide access to agricultural information through its online database and CD-Roms. NAL is striving to provide agricultural information electronically and has initiated efforts to catalog, manage, and disseminate agricultural related data through the Internet.

The 2000 budget includes a \$51 million net increase for ongoing ARS research and information programs above the 1999 enacted level. Within that total, the agency will fund increases of \$76 million in support of major Presidential Initiatives and other high priority research, including genetics, emerging plant and animal diseases, food safety, biological pest control, sustainable ecosystems, and global change. Of the total increase, \$35 million will be funded through savings from termination of lower priority projects. An increase of \$10 million is proposed to partially offset the cost of the proposed Federal pay increase.

Human Nutrition. An increase of \$20 million is provided for human nutrition research to develop a greater understanding of the impacts of nutrition on human health and well-being. The increase will provide for continued implementation of the President's Human Nutrition Initiative with particular emphasis on nutrition's role in individual body composition and weight gain, improved brain and cognitive function, prevention of osteoporosis and bone loss in the elderly population, and reduction in the occurrence of serious chronic diseases, such as cancer and heart diseases.

Food Safety. An increase of \$11.7 million is provided for research in support of the President's Food Safety Initiative. Of the total, \$7.3 million is included under Animal Science for preharvest food safety research aimed at understanding the antibiotic resistance of animal pathogens, reducing pathogen infestation found in animal waste, and assessing the risks associated with the transmission of zoonotic pathogens from animals to humans. The remaining \$4.4 million is provided for postharvest research under the Commodity, Conversion, and Delivery program for postharvest research aimed at enhancing detection and measurement of microbial pathogens during handling, distribution, and storage of fresh fruits and vegetables to determine sources of contamination and factors that increase the risk of disease transmission.

Food Quality Protection Act (FQPA). An increase of \$3 million is provided under Plant Science to increase the development of alternative pest control practices to serve as substitutes for chemical pesticides that are at risk of being restricted due to EPA regulatory actions under FQPA. The increase includes additional support for the Office of Pest Management and Policy (OPMP) charged with coordinating all pest control activities within the Department, and collaborating with EPA on related FQPA issues.

Emerging Diseases and Exotic Pests. The budget includes an increase of \$2.2 million under Animal Science for developing diagnostic tests, vaccines, and other preventive measures to control emerging and infectious diseases afflicting animals, such as classical swine fever, and zoonotic diseases, such as avian leukosis and chronic wasting disease of cervids. An additional \$1.9 million is included to develop vaccines for brucellosis in wildlife and methods to control livestock pests. An increase of about \$4 million is provided under Plant Science for research on emerging and exotic plant diseases, insects, and weeds to further enhance product quality and increase crop production. Within the totals an increase of \$0.9 million is provided for wheat and barley scab research.

Genetics. An increase of about \$3 million is provided in the ARS budget for genetic research aimed at enhancing U.S. agricultural competitiveness through a healthier, and more diversified production system. Of the total, \$1 million is provided under Plant Sciences to develop more rapid and efficient methods to identify and manipulate plant genes for developing improved crops and maximizing production yields, \$0.8 million is included in Animal Sciences for research on animal genomes to characterize the most valuable animal germplasms and identify the genes responsible for animal diseases and parasite resistance, and \$1 million is included under Commodity Conversion and Delivery for the production and development of value-added and alternative crop varieties.

Sustainable Ecosystems. The budget includes an increase of \$6.3 million under Soil, Water, and Air Sciences for research to sustain and manage the Nation's ecosystems, including \$4 million to address specific water research concerns related to harmful algal blooms in support of the Clean Water Action Plan, hypoxia, and eutrophication. The increase will support ARS research coordinated through the Committee on Environment and Natural Resources (CENR) under the National Science and Technology Council (NSTC) to address multiple stressors affecting land resources, pollution, and atmosphere. An increase of \$3 million is provided under Plant Science for additional research to control invasive weed species such as melaleuca and salt cedar.

Global Change. An increase of \$15.3 million is provided under Soil, Water, and Air Sciences for global change, including \$7 million as part of the President's Climate Change Technology Initiative, and \$3.3 million to develop methods to mitigate the adverse effects of climate change on agricultural production. The budget provides \$5 million to support research on carbon storage in soils and to document agriculture-related greenhouse gas emission rates, as part of the Carbon Cycle Science Program.

Air Quality. An increase of \$2 million is provided under Soil, Water, and Air Sciences for research to develop practices to minimize the negative effects of ozone on agricultural crops and implement measures to control particulate matter in compliance with the Environmental Protection Agency (EPA) standards.

Initiative on Digital Libraries. An increase of \$2 million is proposed to enhance the availability and delivery of information through the Internet and to provide grants to land-grant universities to establish "Centers of Excellence" to address topics such as food safety, pest management, water quality, and agricultural productivity.

Buildings and Facilities. Innovative research depends upon the availability of modern facilities. Many of the major ARS facilities were constructed prior to 1960, are functionally obsolete and need major modernization to bring them up to current health and safety code requirements. A total of \$45 million is proposed in 2000 at seven locations.

- Beltsville, Maryland (\$13 million). Supports the first phase of new construction of an addition to the Beltsville Human Nutrition Research Center (\$11.4 million) and miscellaneous small projects at the Beltsville Agricultural Research Center.
- Davis, California (\$9 million). Provides for the relocation of the Western Human Nutrition Research Center from the Presidio complex in San Francisco. Proposed funding would be added to funds provided in 1998 and 1999 to allow construction to proceed.
- Plum Island, New York (\$8.2 million). Continued modernization of the Plum Island Animal Disease Center, including replacement of the boiler and sewage decontamination plants.

RESEARCH, EDUCATION, AND ECONOMICS

- New Orleans, Louisiana (\$5.5 million). Modernization of the industrial wing at Southern Regional Research Center.
- Philadelphia, Pennsylvania (\$4.4 million). Modernization of the chemical wing laboratory at the Eastern Regional Research Center.
- Albany, California (\$2.6 million). Modernization of Western Regional Research Center. Funds will be used to design a multi-phase project to upgrade deteriorating plumbing, mechanical and electrical systems.
- Peoria, Illinois (\$1.8 million). Modernization of the National Center for Agricultural Utilization Research. Funds would be used for design work on the chemical wing.

RESEARCH, EDUCATION, AND ECONOMICS

COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE (CSREES)

Program Level
(Dollars in Millions)

| Program | 1998 Actual | 1999 Current Estimate | 2000 Budget |
|---|----------------|-----------------------------|----------------|
| Research and Education | \$425 | \$471 | \$470 |
| Extension Activities | 409 | 418 | 402 |
| Integrated Res., Educ. & Ext. Program | 20 | 30 | 73 |
| Native American Endowment Fund . . . | 5 | 5 | 5 |
| Subtotal, Programs | 859 | 925 | 950 |
| Community Food Projects | 3 | 3 | 3 |
| Fund for Rural America | 34 | 2 | <u>a/</u> |
| Initiative for Future Agriculture and Food Systems | -- | -- | 120 |
| Total, CSREES | <u>\$896</u> | <u>\$930</u> | <u>\$1,073</u> |

a/ A total of \$60 million is available from the Fund for Rural America, to support research, extension and education grants and Rural Development activities, of which at least \$20 million will support research, extension and education grants. The distribution among the authorized activities has not been developed.

RESEARCH, EDUCATION, AND ECONOMICS

Cooperative State Research, Education, and Extension Service Program Level (Dollars in Millions)

| Program | 1998 Actual | 1999 Current Estimate | 2000 Budget |
|--|----------------|-----------------------------|----------------|
| Formula Grants: | | | |
| Smith-Lever 3(b&c) Formula | \$268 | \$277 | \$258 |
| Hatch Act | 169 | 181 | 154 |
| 1890 Research and Extension | 53 | 56 | 53 |
| Cooperative Forestry | 20 | 22 | 20 |
| Animal Health | 5 | 5 | 5 |
| Total, Formula Grants | 515 | 541 | 490 |
| National Research Initiative (NRI) | 97 | 119 | 200 |
| Integrated Research, Education and Extension Competitive Grants Program: | | | |
| Small Farms Initiative | -- | -- | 4 |
| Water Quality | 12 | 13 | 16 |
| Food Safety | 4 | 12 | 15 |
| Pesticide Impact Assessment | 5 | 5 | 5 |
| Crops at Risk from FQPA Implem. FQPA Risk Mitigation Program for Major Food Crop Systems | -- | -- | 10 |
| Methyl Bromide Transitions Prog. | -- | -- | 5 |
| Gleaning and Food Security | -- | -- | 15 |
| Total, Integrated Program | 21 | 30 | 73 |
| Pest Research and Extension Programs: | | | |
| Improved Pest Control Research | 14 | 14 | 18 |
| Pesticide Applicator Training | -- | -- | 2 |
| Pest Management | 11 | 11 | 12 |
| Total, Pest Res. and Ext. | 25 | 25 | 32 |
| Sustainable Agriculture Res. and Ext. | 11 | 11 | 12 |
| Higher Education Programs | 19 | 20 | 19 |
| Programs Supporting Civil Rights Initiative: | | | |
| Indian Reservation Extension Agents | 2 | 2 | 5 |
| 1890 Facilities | 8 | 8 | 12 |
| Extension Services at 1994 Institutions | 2 | 2 | 4 |
| Hispanic Serving Insts. Education Grants | 3 | 3 | 3 |
| 1994 Inst. Research Program | -- | -- | 1 |
| Total, Programs in CR Initiative | 15 | 15 | 25 |

RESEARCH, EDUCATION, AND ECONOMICS

Cooperative State Research, Education, and Extension Service Program Level (Dollars in Millions)

| Program | 1998 Actual | 1999 Current Estimate | 2000 Budget |
|--|----------------|-----------------------------|----------------|
| Low Income Nutrition Educ. (EFNEP) . | 59 | 59 | 61 |
| Native American Inst. Endow. Fund . . | 5 | 5 | 5 |
| Community Food Projects | 3 | 3 | 3 |
| Fund for Rural America | 34 | 2 | a/ |
| Initiative for Future Ag. & Food Systems | -- | -- | 120 |
| Other Research Grants | 52 | 60 | 9 |
| Other Extension Programs | 20 | 19 | 14 |
| Federal Administration | 22 | 22 | 10 |
| Total, CSREES. | <u>\$896</u> | <u>\$930</u> | <u>\$1,073</u> |
| RECAP: | | | |
| CSREES Appropriations | \$859 | \$925 | \$950 |
| Community Food Projects | 3 | 3 | 3 |
| Initiative for Future Ag. & Food Systems | -- | -- | 120 |
| Fund for Rural America | <u>34</u> | <u>2</u> | <u>a/</u> |
| Total, CSREES. | <u>\$896</u> | <u>\$930</u> | <u>\$1,073</u> |

a/ A total of \$60 million is available for the Fund for Rural America, to support research, extension and education grants and Rural Development activities. The distribution among the authorized activities has not been developed.

CSREES has primary responsibility for providing linkages between the Federal and State components of a broad-based, national agricultural research, extension, and higher education system. CSREES provides funding for projects conducted in partnership with the State Agricultural Experiment Stations, State Cooperative Extension Systems, land-grant universities, colleges and other institutions. Federal funds are distributed to universities and institutions by statutory formulas and competitive awards. CSREES is responsible for administering USDA's primary competitive grants program, the National Research Initiative (NRI) which supports highly meritorious research with strong potential to contribute to major breakthroughs in agricultural production.

The CSREES budget proposal which totals \$1.1 billion, reflects the priorities outlined in the Agricultural, Research, Extension, and Education Reform Act of 1998. Beginning in FY 2000, CSREES will be responsible for administering competitive grants for research, education, and extension for the Initiative for Future Agriculture and Food Systems (the

RESEARCH, EDUCATION, AND ECONOMICS

Initiative) authorized by the Research Reform Act. The Initiative provides \$120 million per year for research, education or extension competitive grants targeted to address critical issues related to agricultural productivity and competitiveness. The agency is also responsible for administering competitive grants under the Fund for Rural America. Approximately one-half of \$60 million will be devoted to supporting multi-disciplinary research and extension projects. The top priority activities in the CSREES budget proposal are as follows:

Initiative for Future Agriculture and Food Systems. Mandatory spending of \$120 million per year over the next 5 years is provided for the Initiative under Sec. 401 of the Research Reform Act. Competitive grants of up to 5 years will be awarded to address pressing agricultural needs by supporting activities targeting enhanced agricultural competitiveness, improved food safety, and greater farm efficiency and profitability for small and medium-sized farms. Special emphasis will be placed on awarding grants to small and mid-sized institutions who have not previously been successful in obtaining NRI competitive grants. Priority will be given to multi-institutional and multi-state projects that integrate agricultural research, extension, and education activities.

National Research Initiative. The 2000 budget proposes an increase of \$81 million for the National Research Initiative (NRI), a 68 percent increase over the 1999 appropriated level. The NRI supports both fundamental and mission-linked research through a competitive, peer-reviewed process that is open to all of the Nation's top scientists. The need for additional support is prompted by a wide range of environmental, human health, and nutrition concerns which have added complexity to production management decisions faced by agricultural producers. The key concerns can only be addressed through an enhanced scientific and technological knowledge base. The proposed increase will address the key concerns through additional investments in biotechnology and animal and plant genetics, global change research, food safety and human nutrition research, animal waste management, and value added agricultural commodities.

FQPA-related Pest Control Programs. The budget provides \$13 million for two new programs to develop new pest control alternatives needed to replace the traditional pest controls that are at risk of being restricted or prohibited as the result of the stricter safety standards being imposed by EPA under the Food Quality Protection Act (FQPA). The Vice President's direction to the Department and EPA is to work jointly in implementing FQPA to ensure safer food for consumers and a reasonable transition period for producers of at-risk commodities. This budget sets forth the research, technology, and information programs that are needed to fulfill the Vice President's direction and commitment to agriculture. New programs are proposed for the development and implementation of innovative pest management systems for major acreage crops and fruits and vegetables, that are safer for consumption. An additional \$5 million is proposed for demonstrating short- and intermediate-term methyl bromide replacement strategies, in preparation for the chemical's scheduled production phase-out beginning in 2005.

Food Safety. The budget provides \$36 million, an increase of \$15 million above the comparable 1999 appropriated level for research, education, and extension competitive

RESEARCH, EDUCATION, AND ECONOMICS

grants, including the NRI Competitive Grants Program, in support of the President's Food Safety Initiative. Research emphasis will be placed on prevention, detection, and control of microbial pathogens resulting from fruit and vegetable production and handling. Emphasis will also be placed on developing food safety education programs that provide HACCP training to small retailers and food distributors. Approximately 10 percent of the \$200 million proposed for competitive grants under the NRI will be devoted to food safety research.

Water Quality. The budget includes \$16 million, an increase of \$3 million above the comparable 1999 appropriated level for competitive research, education, and extension grants to improve water quality. Emphasis will be placed on mitigating some of the negative impacts of agricultural production on water quality such as hypoxia and harmful algal blooms by reducing phosphorous and nitrogen build-up, and improving animal waste management systems.

Gleaning and Food Recovery Activities. The budget includes \$15.8 million in new funds for activities in gleaning and food recovery to empower communities to reduce hunger. The focus will be on establishing a technical assistance and education network to develop and extend knowledge about food security issues, including food safety, integration of systems, and leadership and volunteer development. It will also support community infrastructure programs to improve food transportation, storage and distribution. Special emphasis will be placed on establishing linkages with public and private institutions, educational institutions, and local governments.

Formulas and Non-Competitive Special Grants. As indicated in the Department's latest strategic plan, an increasing portion of Federal funds will be distributed competitively to address the most critical needs of the agricultural community and fund the most highly meritorious projects. The increases proposed for competitive projects are offset by decreases in formula funds and non-competitive projects slated for reductions due to constrained budget resources. The additional flexibility provided in the Research Reform Act where a portion of the formula funds can be used to support either research or extension projects, allows states more authority to use Federal funds in addressing their highest priority needs.

RESEARCH, EDUCATION, AND ECONOMICS

ECONOMIC RESEARCH SERVICE (ERS)

Program Level
(Dollars in Millions)

| Program | 1998 Actual | 1999 Current Estimate | 2000 Budget |
|--------------------------------------|----------------|-----------------------------|----------------|
| Economic Analysis and Research . . . | \$72 | \$65 | \$56 |
| Trust Funds | a/ | a/ | a/ |
| Total, ERS | <u>\$72</u> | <u>\$65</u> | <u>\$56</u> |

a/ Less than \$0.5 million.

ERS provides economic analysis on efficiency, efficacy, and equity issues related to agriculture, food, natural resources, and rural development to improve public and private decision making. Activities to support this mission include research and development of economic and statistical indicators on a broad range of topics.

Increased funding is included to support economic research and analysis on five high priority issues:

- **Food Safety (\$453,000).** This increase would result in more accurate assessments of the costs of foodborne illness and support more informed policy decisions related to food safety. ERS would participate in the Risk Assessment Consortium established as part of the President's Food Safety Initiative to assess the costs of foodborne illness and the economic consequences of options to improve food safety. ERS would collaborate with the Food and Drug Administration, the Centers for Disease Control, the Office of Risk Assessment and Cost-Benefit Analysis and other USDA agencies on the development of risk assessment models to identify where pathogens enter the food chain and where control efforts would be most cost-effective.
- **Commodity Market Analysis (\$854,000).** This increase will allow the Agency to enhance its program in commodity market analysis. The provided funds will be used in several ways to assure the maintenance of sufficient program capacity to analyze the structure and performance of commodity markets in a dynamic era, to lend that analytical expertise to Departmental commodity forecasting and projections activities, and to enhance the dissemination of market analytical information and its underlying data to those producers, processors, traders, and other sellers who rely upon its availability.

RESEARCH, EDUCATION, AND ECONOMICS

- **Information for Small Farmers (\$350,000).** Funding is included for an assessment of the Department's role in meeting the information needs of small farmers, niche marketers, limited resource and socially disadvantaged agricultural market participants. ERS will assess how information needs vary by the type and size of an operation, how well USDA and private information services meet the needs of small farmers, and what reforms and modifications in the Department's current market information programs are needed in order to better serve smaller and limited resource farmers.
- **Electric Utility Deregulation (\$200,000).** This increase would support research on electric utility deregulation in order to assess the potential impacts of deregulation on the Department's rural utility loan programs, the competitiveness of rural businesses and communities, and the well-being of rural households.
- **Global Climate Change (\$1,000,000).** Funding (\$700,000) is included to support an initiative aimed at reducing greenhouse gases while improving the economic performance of agricultural resources and reducing other environmental problems. ERS will assess three components: 1) economic potential for domestic carbon sequestration in agricultural soils and trace gas control, 2) economic incentives for carbon sequestration and the potential for targeting existing conservation programs and, 3) an assessment of the global potential for agricultural trace gas mitigation and sequestration. Funding (\$300,000) is also provided to support the U.S. Global Change Research Program National Assessment Activities in which several agencies collaborate to provide a detailed understanding of the consequences of climate change for the Nation and to examine the availability of mechanisms that exist to aid with adaptation to climate changes.

In addition, the budget reflects the Administration's proposal to fund food program studies (\$12.2 million), which were included in the ERS appropriation in 1999, in the Food and Nutrition Service.

RESEARCH, EDUCATION, AND ECONOMICS

NATIONAL AGRICULTURAL STATISTICS SERVICE (NASS)

Program Level
(Dollars in Millions)

| Program | 1998 Actual | 1999 Current Estimate | 2000 Budget |
|--|----------------|-----------------------------|----------------|
| Agricultural Estimates | \$79 | \$77 | \$81 |
| Statistical Research and Service | 3 | 3 | 3 |
| Census of Agriculture | 36 | 24 | 17 |
| Trust Funds | a/ | a/ | a/ |
| Total, NASS | <u>\$118</u> | <u>\$104</u> | <u>\$101</u> |

a/ Less than \$0.5 million.

NASS statistics provide the basic information necessary to keep agricultural markets stable and efficient and help maintain a "level playing field" for all users of agricultural statistics. The mission of NASS is to meet the basic agricultural and rural data needs of the people of the United States, those working in agriculture, and those living in rural communities by providing important, objective, usable, and accurate statistical information and services for informed decision making.

Overall, the budget reflects a net decrease of \$3 million which is comprised of a \$9 million reduction due to the cyclical funding needs of the Census partially offset by \$6.5 million in increases. Program increases are requested for:

- \$1.8 million to conduct the decennial Agricultural Economics and Land Ownership Survey (AELOS). This survey provides the only comprehensive source of data on agricultural land ownership, financing and inputs by farm operators and landlords for each State.
- \$2.5 million to conduct a Fruit and Vegetable Food Safety Survey as part of the President's Food Safety Initiative. This survey will establish a baseline for good agricultural practices as they relate to microbial food safety issues.
- \$1.6 million to collect pesticide use data for the horticulture and greenhouse industries and expand pesticide use surveys for minor commodities. Collection of this data will assist in the setting of safe pesticide use standards and provide needed information on the expanding horticulture and greenhouse sectors of agriculture.
- \$304,000 to establish a permanent NASS office in Puerto Rico.

RESEARCH, EDUCATION, AND ECONOMICS

- \$300,000 to expand the Mid-Atlantic Pilot Project measuring chemical usage on cropland, and to improve data collection, storage, and accessibility of ecosystem information in the project.

DEPARTMENTAL ACTIVITIES

DEPARTMENTAL OFFICES AND CENTRALIZED ACTIVITIES

The Departmental offices provide leadership, coordination and support for all administrative and policy functions of the Department. These offices assist program agencies throughout the Department in their efforts to provide efficient and effective service to all USDA customers. The Department also has a number of centralized activities which have separate appropriations. These centrally managed operations provide efficient, economical services through economies of scale and management attention for the benefit of all participating agencies. These activities are managed by the Departmental staff offices or coordinated at the Departmental level.

| Program Level (Dollars in Millions) | | | |
|---|----------------|-----------------------------|----------------|
| Program | 1998 Actual | 1999 Current Estimate | 2000 Budget |
| Departmental Offices: | | | |
| Office of the Secretary | \$11 | \$11 | \$13 |
| Departmental Administration | | | |
| Staff Offices | 27 | 32 | 36 |
| Outreach for Socially Disadvantaged | | | |
| Farmers | 3 | 3 | 10 |
| Office of the Chief Financial Officer . | 4 | 4 | 6 |
| Office of the Chief Information Officer | 6 | 6 | 8 |
| Supplemental for Y2K Conversion . | 0 | 29 | 0 |
| Office of the General Counsel | 29 | 29 | 33 |
| Office of Communications | 8 | 8 | 9 |
| Executive Operations: | | | |
| Office of the Chief Economist | 5 | 6 | 7 |
| National Appeals Division | 12 | 12 | 13 |
| Office of Budget and Program | | | |
| Analysis | 6 | 6 | 7 |
| Total, Departmental Offices . . | 111 | 146 | 142 |
| Centrally Financed Activities: | | | |
| Agriculture Buildings and Facilities | | | |
| and Rental Payments | 130 | 137 | 166 |
| Hazardous Waste Management | 16 | 16 | 23 |
| Trust Funds | 1 | 1 | 1 |
| Total, Centralized Activities . . | 147 | 154 | 190 |
| Total, Departmental Offices and Centralized Activities . . | \$258 | \$300 | \$332 |

DEPARTMENTAL ACTIVITIES

This budget reflects a number of increases to strengthen department-wide management oversight and leadership to support USDA programs. Following are some highlights of the budget proposals for the above offices and activities.

The **Departmental Administration (DA) Staff Offices** provide staff support to policy officials and overall direction and coordination for the management of human resources, civil rights, outreach, property, procurement, and the regulatory hearing and administrative proceedings conducted by the Administrative Law Judges, Judicial Officer, and Board of Contract Appeals.

The request includes additional resources for DA staff offices of \$3.9 million. The funds will support the following activities:

- Additional staffing for the Office of Outreach to strengthen and expand leadership and coordination capabilities and expand outreach activities to minority and limited resource customers.
- Additional staffing for the Office of Small and Disadvantaged Business Utilization to support the Bringing Rural America Venture Opportunities project as a means of creating new jobs in rural America.

The **Office of Civil Rights** within **DA** provides overall leadership responsibility for all departmentwide civil rights activities including both employment opportunity and program discrimination policy development, analysis, coordination, and compliance activities. The Office is responsible for reducing under representation and under utilization in the workforce and for monitoring the delivery of program activities to ensure that all USDA programs are delivered in a non-discriminatory manner. One of USDA's top priorities is to continue efforts to correct past weaknesses in the civil rights area by implementing recommendations of the Secretary's Civil Rights Action Team. Included in the DA proposal is an increase of \$837,000 to process civil rights complaints submitted under the change to the statute of limitations enacted in the 1999 Agriculture Appropriations Act. Also included is an increase of \$802,000 to expand employment complaints investigation capability and enhance complaint tracking to provide increased accountability.

The **Office of Outreach** within **DA** assumed responsibility in 1998 for providing Departmentwide leadership and coordination to assure that all eligible customers have access to all USDA programs and services. As noted above, the funds requested will support additional staffing to strengthen and expand leadership, coordination and outreach activities. It also has responsibility for administering the Socially Disadvantaged Farmers Outreach Program. Authorized by Section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990, the program is designed to assist socially disadvantaged farmers and ranchers to participate in USDA programs and be successful in their operations by providing outreach and technical assistance. The proposal for 2000 includes an increase of \$7 million, which will enable support of approximately 35 projects that will serve more than 10,000 small producers with the goal of turning them into solvent enterprises and stemming the continual reduction of the number of minority farmers and

DEPARTMENTAL ACTIVITIES

ranchers. Through the assistance offered by this program, more socially disadvantaged farmers and ranchers will become aware of the various programs and assistance available to them from USDA and will have more productive farms and fiscal solvency.

The **Office of the Chief Financial Officer (OCFO)** provides overall direction and leadership in the development of modern financial systems in the Department. The proposed increase of \$2 million for 2000 includes funds to restore the Department's financial credibility and accountability including successful implementation of legislative mandates such as the Government Performance and Results Act, debt collection and cost accounting.

The **Office of the Chief Information Officer (OCIO)** provides policy guidance, leadership, and coordination to USDA's information management and technology investment activities. To meet the business demands of the Department's IT systems, this request includes an increase of \$2.4 million to enhance OCIO's capability to respond to USDA infrastructure security and emergency response issues; enhance IT project management activities; strengthen workforce planning activities to ensure USDA maintains a highly qualified IT workforce; and continue oversight of the Department's Service Center Implementation initiative.

Supplemental funding of \$28.7 million was provided to OCIO to support an aggressive program of remediation activities to address Year 2000 computer and embedded chip problems and to ensure the uninterrupted delivery of USDA programs and services.

Legal oversight, counsel, and support for the Department's programs is provided by the **Office of the General Counsel (OGC)**. The request provides an additional \$3.5 million to strengthen OGC's ability to provide timely response to requests for legal assistance from the program agencies, especially in the areas of trade practices, natural resources, and general law. Funds are also included to provide information technology improvements to further enhance the efficiency of the office.

The Department's **Office of Communications (OC)** plays a critical role in disseminating information about USDA's programs to the general public. The request includes increases of \$1.2 million to enable OC to utilize new technology to reach audiences in a more timely and effective manner, and to lead a Departmentwide communications outreach effort to reach underserved populations.

The **Chief Economist** advises the Secretary on policies and programs related to U.S. agriculture and rural areas, provides objective analysis on the impacts of policy options on the agricultural and rural economy, and participates in planning and developing programs to improve the Department's forecasts, projections, and policy analysis capabilities. Staff of OCE also coordinate small farm activities within USDA by identifying new opportunities for USDA involvement in small farm issues, integrating a small farm emphasis into USDA policies and programs, and coordinating USDA agencies' responses to the recommendations of the National Commission on Small Farms established by the Secretary in 1997. In addition, the Office of Energy has been transferred from ERS to

DEPARTMENTAL ACTIVITIES

OCE. The Office of Energy assists the Secretary in developing Departmental energy policy and coordinating Departmental energy programs and strategies. It provides economic analysis on energy policy issues, coordinates USDA energy-related activities within and outside the Department, and studies the feasibility of new uses of agricultural products. The 2000 request includes an increase of \$211,000 to enable OCE to maintain these activities.

The **National Appeals Division** conducts fair and impartial administrative appeals of adverse decisions issued by certain agencies within USDA. The 2000 request includes an increase of \$392,000 to maintain this activity.

The **Office of Budget and Program Analysis** provides analyses and information to support informed decisionmaking regarding the Department's programs and policies, budget, legislative, and regulatory actions. The request includes an increase of \$463,000 to strengthen budget and program analysis capabilities, and support information technology improvements to enhance efficiency.

In 2000, the Department is requesting \$166 million for its facilities programs covered under the **Agriculture Buildings and Facilities** Appropriation. The request includes \$115.5 million for rental payments to the General Services Administration (GSA); \$24.8 million for the operation and maintenance of the headquarters complex including the new Beltsville facility, and \$26 million for the continued renovation of the South Building to correct health and safety hazards and update the mechanical and electrical systems in the over-60-year-old building to provide a safe, efficient and functional workplace for USDA employees. The renovation project is part of the ongoing **USDA Washington Area Strategic Space Plan**. Occupancy of the Beltsville facility, the first part of the Plan, began in February 1998. The design for the first phase of the South Building renovation was completed in 1997, and a construction contract was awarded in July 1998. The design for phase 2 of the modernization is substantially completed. The 2000 request includes funds for the construction of phase 2.

The **Hazardous Waste Management** program provides for Departmental compliance with the requirements of the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA or Superfund), the Resource Conservation and Recovery Act (RCRA), the Oil Pollution Act and the Pollution Prevention Act. An increase of \$7 million is requested to accelerate investigative and cleanup activities to protect human health and the environment. The increase also supports an increased workload in connection with negotiations and cleanup agreements with responsible parties in the cleanup of hazardous waste sites.

OFFICE OF THE INSPECTOR GENERAL

OFFICE OF THE INSPECTOR GENERAL (OIG)

Program Level
(Dollars in Millions)

| Program | 1998 Actual | 1999 Current Estimate | 2000 Budget |
|---|----------------|-----------------------------|----------------|
| Office of the Inspector General | \$63 | \$65 | \$68 |

The **Office of the Inspector General (OIG)** conducts and supervises audits and investigations relating to programs and operations of the Department, reviews and makes recommendations on existing and proposed legislation and regulations, and recommends policies and activities to promote economy and efficiency and to prevent and detect fraud and mismanagement in USDA operations. The request provides additional resources of \$3.1 million to enhance the ability of OIG to conduct special operations while continuing to support ongoing investigation and audit operations. Special operations - both long-term and rapid response efforts - would target activities which have the potential to adversely affect the safety of the food supply or threaten agricultural production through the introduction of pests.

SUPPORT SERVICES BUREAU

SUPPORT SERVICES BUREAU (SSB)

Program Level
(Dollars in Millions)

| Program | 1998 Actual | 1999 Current Estimate | 2000 Budget |
|---|----------------|-----------------------------|----------------|
| Service Center Implementation | \$90 <u>a/</u> | \$50 <u>a/</u> | \$90 <u>b/</u> |

a/ Funded through county-based agency budgets.

b/ Includes \$16 million to be funded from CCC.

Implementation of the Secretary's administrative convergence initiative will provide efficient administrative services to the Department's county-based agencies, including the Farm Service Agency, the Rural Development mission area and the Natural Resources Conservation Service. A new consolidated organization, the Support Services Bureau, will provide these services, including information technology activities. Salaries and expenses of the new bureau will be financed through transfers by the serviced agencies.

Service Center Implementation. A program level of \$90 million is proposed for service center implementation activities in 2000, primarily for the continued development and implementation of the common computing environment (CCE). One of the keys to success of improved customer service, while streamlining the field structure, is the replacement of the aging business and technology systems of the field service agencies. A collective re-engineering of business processes for administrative services and program delivery is underway, along with testing information technology alternatives. Common information shared by the partner agencies will reduce the redundant requests made of program participants, as well as customer office visits and paperwork burden, and ease workload for internal staff. CCE will enable USDA to: optimize the data, equipment, and staff sharing opportunities at the service centers; overcome the extreme limitations of the current legacy systems; and enhance customer service into the 21st Century.

Administrative Convergence. Currently, three separate administrative structures provide support to NRCS, the Farm and Foreign Agricultural Services, and RD mission areas -- down from nine such organizations in 1993. An initial plan has been developed to combine these three structures into one unit. The consolidated structure will:

- Deliver better services to local customers and employees;
- Help preserve limited budget resources for program delivery;
- Provide a new consistency in administrative policy and operations, such as IT; and
- Make better use of limited administrative resources.

APPENDIX

FOOD SAFETY ACTIVITIES

Budget Authority

(Dollars in Millions)

USDA FUNDING FOR PRESIDENT'S FOOD SAFETY INITIATIVE:

| | 1998 Approp. | 1999 Current Estimate | 2000 Budget |
|--|-----------------|-----------------------------|----------------|
| A. EARLY WARNING SYSTEM FOR PUBLIC HEALTH SURVEILLANCE | | | |
| Economic Research Service (ERS) | a | \$0.3 | \$0.3 |
| Food Safety and Inspection Service (FSIS) | \$1.5 | 1.5 | 1.5 |
| DEPARTMENT SUBTOTAL, EARLY WARNING SYSTEM | 1.5 | 1.8 | 1.8 |
| B. RISK ASSESSMENT | | | |
| Agricultural Research Service (ARS)..... | 4.5 | 4.9 | 6.5 |
| Cooperative State Research, Education, and Extension Service (CSREES)..... | 0.2 | 2.6 | 3.7 |
| Economic Research Service (ERS)..... | a | 0.2 | 0.7 |
| Food Safety and Inspection Service (FSIS)..... | a | 3.3 | 3.3 |
| National Agricultural Statistical Service (NASS)..... | 0.0 | 0.0 | 2.5 |
| Office of the Chief Economist (OCE)..... | 0.1 | 0.2 | 0.2 |
| DEPARTMENT SUBTOTAL, RISK ASSESSMENT..... | 4.7 | 11.2 | 16.8 |
| C. BIOSCIENCE RESEARCH | | | |
| Agricultural Marketing Service (AMS)..... | 0.0 | 0.1 | 6.3 |
| Agricultural Research Service (ARS)..... | 50.4 | 65.0 | 75.1 |
| Cooperative State Research, Education, and Extension Service (CSREES)..... | 6.3 | 14.8 | 23.8 |
| DEPARTMENT SUBTOTAL, BIOSCIENCE RESEARCH..... | 56.6 | 79.8 | 105.2 |
| D. INSPECTIONS | | | |
| Food Safety and Inspection Service (FSIS)..... | 0.6 | 10.1 | 12.5 |
| E. EDUCATION | | | |
| Cooperative State Research, Education, and Extension Service (CSREES)..... | 2.4 | 7.4 | 8.3 |
| Economic Research Service (ERS)..... | 0.4 | 0.4 | 0.4 |
| Food and Nutrition Service (FNS)..... | 0.0 | 2.0 | 2.0 |
| Food Safety and Inspection Service (FSIS)..... | 0.0 | 3.7 | 3.7 |
| Office of the Chief Economist (OCE)..... | a | a | a |
| DEPARTMENT SUBTOTAL, EDUCATION..... | 2.8 | 13.4 | 14.4 |
| F. EMERGENCY OUTBREAK RESPONSE COORDINATION | | | |
| Food Safety and Inspection Service (FSIS)..... | 0.0 | 0.0 | 0.5 |
| TOTAL, USDA Funding for President's Food Safety Initiative..... | 66.3 | 116.4 | 151.2 |
| ADDITIONAL FOOD SAFETY ACTIVITIES: | | | |
| Food Safety and Inspection Service (FSIS)..... | 587.2 | 598.5 | 631.5 |
| TOTAL, USDA Food Safety Activities..... | 653.4 | 714.9 | 782.7 |

Footnote a: less than \$0.1 million.

THE PRESIDENT'S FOOD SAFETY INITIATIVE

The 2000 Food Safety Initiative builds on the foundation established in 1998 and 1999 and will target resources to: (1) further develop a nationally integrated food safety system by expanding and strengthening the partnership between Federal, State, and local agencies, (2) continue enhancing surveillance of foodborne diseases and increasing the speed and efficiency of responses to outbreaks of foodborne illness, and (3) put greater emphasis on the control of foodborne hazards in the pre-harvest phase of the farm-to-table continuum.

2000 Budget Request:

For USDA, the 2000 budget includes increases above the 1999 President's budget request for the following activities:

- **Agricultural Research Service (+\$11.7 million):** ARS will expand risk assessment modeling to include the production or pre-harvest phase; expand research in antimicrobial resistance for the development of new pathogen prevention/intervention technologies; initiate research that will lead to a better understanding of how the use of antibiotics in food-producing animals increases the risk of emergence of microorganisms that are resistant to specific antibiotics; develop effective methods to handle and treat manure during production to prevent transmission of pathogens to agricultural lands and to crops used for human food; and develop enhanced food safety procedures for use during food handling, distribution and storage.
- **Cooperative State Research, Education, and Extension Service (+\$11.0 million):** CSREES will support food safety activities through competitively awarded grants that will improve: detection methods for the most prevalent pathogens; the effectiveness of best management practices interventions in the production setting related to control of antibiotic usage in food; and the integration of research and education in food safety through technology transfer and through the development of educational programs that focus on the adoption of recommended food handling practices consistent with the research findings.
- **Agricultural Marketing Service (+\$6.2 million):** AMS will establish microbiological baselines for pathogens on fruits and vegetables utilizing existing program infrastructure.
- **Food Safety and Inspection Service (+\$2.9 million):** FSIS will strengthen emergency response coordination with the States in investigating foodborne illness outbreaks; validate the ability of State laboratories to meet HACCP pathogen testing requirements; and conduct pathogen testing in Federal laboratories of State inspected product.

APPENDIX

- **Economic Research Service (+\$0.5 million):** ERS will provide the economic analysis necessary to evaluate the effectiveness of various risk-reduction strategies for reducing foodborne illness.
- **National Agricultural Statistics Service (+\$2.5 million):** NASS will conduct a Nationwide survey of fruit and vegetable growers and packinghouse handling practices with regard to food safety. Survey data reported by producers would inform domestic and international data users on U.S. grower food safety practices.

APPENDIX

SECRETARY'S CIVIL RIGHTS INITIATIVE

Budget Authority

(Dollars in Millions)

| Program | 1999 Current Estimate | 2000 Budget |
|---|-----------------------------|----------------|
| Fund Civil Rights Activities in Department Administration, including Office of Outreach | \$17.8 | \$21.1 |
| Grants and Cooperative Agreements to improve Outreach to USDA Customers and Socially Disadvantaged Farmers and Ranchers | 3.0 | 10.0 |
| Civil Rights Division Within OGC | 0.9 | 0.9 |
| Fund Small Farms Initiative (CSREES) | 0.0 | 4.0 |
| Address Disparities in Funding of Institutions of Higher Education: | | |
| 1890 Facilities Programs | 8.4 | 12.0 |
| Extension Services at 1994 Institutions | 2.1 | 3.5 |
| Research at 1994 Institutions | 0.0 | 0.7 |
| Hispanic Serving Institutions Education Grants | 2.9 | 3.2 |
| Increase Extension Indian Reservation Program | 1.7 | 5.0 |
| Farm Ownership and Farm Operating Loans: | | |
| Farm Ownership | 12.8 | 4.8 |
| Loan Level | (85.6) | (128.0) |
| Farm Operating | 50.1 | 29.3 |
| Loan Level | (733.8) | (500.0) |
| Farm Labor Housing Program: | | |
| Farm Labor Housing Loans | 10.4 | 11.3 |
| Loan Level | (20.0) | (25.0) |
| Farm Labor Housing Grant Level | 11.4 | 15.0 |
| Rural Rental Assistance Payments | 10.0 | 15.0 |
| Address the Needs of Farmworkers: | | |
| Fund NASS Pesticide Use Survey | 0.0 | 1.6 |
| Pesticide Applicator Training | 0.0 | 1.5 |
| Debt for Nature: | | |
| Financial Assistance to Historically Underserved for Land Stewardship | 0.0 | 4.0 |
| Technical Assistance | 0.0 | 1.0 |
| Total, Civil Rights | <u>\$131.5</u> | <u>\$143.9</u> |

APPENDIX

In February 1997, the Secretary's Civil Rights Action Team issued a report on civil rights issues in USDA which included the Team's findings and many recommendations for action. Later, the Secretary established the National Commission on Small Farms to examine the status of small farms in the United States and to determine a course of action for USDA to recognize, respect, and respond to their needs. The Commission's report was released in January 1998 and included a comprehensive set of recommendations to improve USDA service to small and beginning farmers.

The ongoing implementation of many of the recommendations from these reports and other improvements in the Department's civil rights area continues to be one of the Secretary's highest priorities. Reflecting the Secretary's interest in this area, the budget proposes a number of funding increases to support USDA civil rights activities. These include:

- **Administration.** Additional resources are requested for the Office of Civil Rights to continue processing discrimination complaints submitted under the change to the statute of limitations enacted in the 1999 Agriculture Appropriations Act. Increased staffing is also requested to expand the employment complaints investigation capability and enhance complaint tracking to provide increased accountability. An increase is also proposed for the Office of Outreach to strengthen its leadership and coordination capabilities as well as for the Socially Disadvantaged Farmers Outreach Program, which is authorized by Section 2501 of the Food, Agriculture, Conservation and Trade Act of 1990. An increase is proposed for the Office of Small and Disadvantaged Business Utilization to support the Bringing Rural America Venture Opportunities project as a means of creating new jobs in rural America.
- **Research, Education, and Economics.** A new \$4 million program is proposed in the CSREES budget for competitive research, extension, and education grants to support small farms. The main goal of the program is to enhance agricultural production on small farms by developing and facilitating networks between small farmers and trained professionals in the public and private sectors.

Additional funds are requested to enhance the Department's cooperative efforts with institutions of higher education that aim to expand educational opportunities for minority students. This includes an increase for the renovation and construction projects for facilities at 1890 institutions. The budget also provides additional funds for the Extension Indian Reservation Program to support outreach activities of 30 extension agents as well as to expand the extension capacity at 1994 institutions to address the most pressing concerns faced by Native American communities. Additional emphasis is also being placed on enhancing the educational capacity of Hispanic Serving Institutions to deliver science-based instruction in food and agricultural production disciplines.

- **Farm Credit.** Direct farm ownership loans would be increased from \$86 million in 1999 to \$128 million in 2000. Guaranteed farm ownership loans would be increased

APPENDIX

from \$425 million in 1999 to \$432 million in 2000. This funding increase will enable about 4,000 family farmers to either acquire their own farm or to save an existing one -- 600 more than in 1999. Roughly 60 percent of the direct loans are provided to limited resource borrowers.

- **Farm Labor Housing.** Funds are provided to support a total of \$40 million in loans and grants to construct housing for some of the Nation's neediest families. This is almost a 30 percent increase from the 1999 level.
- **Debt for Nature.** The budget includes \$5 million to help implement the Debt for Nature program which will provide technical and financial assistance to USDA borrowers with serious cash flow problems who also have lands that require conservation treatment. In order to help the thousands of borrowers who face foreclosure as a result of the declining farm economy, NRCS will direct these funds to provide for expanded technical and cost-share assistance. This proposal will compliment other Departmental efforts to provide the best possible assistance to minority, limited resource, and socially disadvantaged landowners who wish to implement state-of-the-art conservation stewardship practices in exchange for forgiveness of all or a portion of their borrowers debt load.

With respect to additional budget recommendations of the **National Commission on Small Farms**, the budget assumes full funding for the Fund for Rural America, and an increase in funding for the Sustainable Agriculture Research and Extension Program (SARE), the Appropriate Technology Transfer for Rural America program (ATTRA), and Rural Cooperative Development Grants (RCDG). Sustainable Agriculture Extension and Renewable Resources Extension formula funding for small farm programs would continue at current levels. Small farm marketing efforts are supported with continued funding for the Federal State Market Improvement Program (FSMIP), increased funding for the WIC Farmers Market Program, National Organic Standards, Wholesale Market Development, and strengthened livestock and poultry industry analysis. Small farm conservation initiatives include increased funding for the Stewardship Incentives Program (SIP).

APPENDIX

PROGRAMS RELATED TO USDA RESPONSIBILITIES UNDER THE FOOD QUALITY PROTECTION ACT

| Program Level (Dollars in Millions) | | | |
|--|----------------|-----------------------------|----------------|
| Program | 1998 Actual | 1999 Current Estimate | 2000 Budget |
| Food Quality Protection Act | | | |
| CSREES Crops at Risk From FQPA Implementation | 0 | 0 | \$3 |
| CSREES FQPA Risk Mitigation Prog. for Major Food Crop Systems . | 0 | 0 | 10 |
| CSREES Methyl Bromide Transitions Program | 0 | 0 | 5 |
| ARS: Alternatives to Methyl Bromide . . | \$15 | \$15 | 15 |
| ARS: Office of Pest Management Policy | 1 | 1 | 3 |
| Total, FQPA | 16 | 16 | 36 |
| Integrated Pest Management -- Research and Extension to Address Producer-Identified Needs | | | |
| CSREES IPM Research Grant Program | 3 | 3 | 3 |
| CSREES Pest Management Alternatives | 2 | 2 | 4 |
| CSREES IPM Application | 11 | 11 | 12 |
| ARS Areawide IPM Research | 5 | 5 | 6 |
| ARS Contributing Research | 78 | 83 | 84 |
| ERS IPM Research | 1 | 1 | 1 |
| FS-IPM Research | 12 | 12 | 17 |
| Total, IPM Initiative | 112 | 117 | 127 |
| Pesticide Use Data Collection and Analysis | | | |
| ARS Food Intake Surveys | 5 | 0 | 0 |
| NASS Pesticide Use Surveys | 6 | 6 | 7 |
| ERS Pesticide Use Analysis | 2 | 2 | 2 |
| AMS Pesticide Data Program | 8 | 11 | 12 |
| Total, Data Collection and Analysis . | 21 | 19 | 21 |
| Pesticide Registration, Clearance, Assessment, Training | | | |
| ARS-Minor Use Clearance (IR-4) | 2 | 2 | 2 |
| CSREES Minor Crop Pest Mgmt (IR-4) | 9 | 9 | 11 |
| CSREES/ERS/FS NAPIAP | 5 | 5 | 5 |
| CSREES Pest. Applicator Training | 0 | 0 | 2 |
| Total, Pesticide Registration | 16 | 16 | 20 |
| Total, FQPA and Related Programs | \$165 | \$168 | \$204 |

APPENDIX

The enactment of the Food Quality Protection Act in 1996, established stricter safety standards for pesticide registration, particularly for pesticides used on foods consumed by infants and children. While EPA has primary responsibility for pesticide registration, USDA has significant responsibilities to develop alternative pest controls, promote widespread adoption of safer pest control practices, and collect and develop information on pesticide use. Last April, the Vice President's direction to the Department and EPA was to work jointly in implementing FQPA to ensure safer food for consumers and a reasonable transition period for producers of at-risk commodities. This budget sets forth the research, technology transfer, and pesticide data programs that are needed to fulfill the Vice President's direction and commitment to agriculture.

- **Food Quality Protection Act.** The Department has been supportive of extramural Integrated Pest Management (IPM) research and extension activities as viable strategies for pesticide risk reduction. Building on the IPM principles, the budget provides \$36 million, an increase of \$20 million above the 1999 level, for new integrated research, education, and extension competitive grants and other extramural programs to support the development and implementation of innovative pest management systems for major acreage crops and fruits and vegetables. Within the increase, additional funds are proposed for the Department's Office of Pest Management Policy (OPMP), which will work closely with producers and stakeholders at the state level in establishing priorities for developing alternatives for crops that are most at-risk of being restricted by FQPA.
- **Research and demonstration of pest management practices.** The Department places a high priority on continued development of areawide pest management projects that have been highly successful in replacing chemical pesticides in a large area setting. The budget provides \$127 million, an increase of \$10 million above the 1999 level, for additional support of research and extension projects and projects selected for implementation for at-risk pesticides as a result of FQPA. The knowledge and technologies developed by expanded research efforts will form the building blocks for developing comprehensive IPM systems to make the transition to new alternative pest management strategies. The increase also provides support for continued development of alternatives on a single crop basis under the Pest Management Alternatives Program. These programs support research needed to develop biologically-based pest management strategies for invasive species.
- **Data collection and analysis activities.** The Department continues to place emphasis on collecting information to meet a wide range of needs, including data on pesticide residues and frequency of pesticide usage. Ongoing assessments are also conducted to assist policy officials in understanding the economic implications of pesticide registration decisions for the agricultural community.

APPENDIX

CLIMATE CHANGE RELATED PROGRAMS

| Program Level (Dollars in Millions) | | | |
|--|----------------|-----------------------------|----------------|
| Program | 1998 Actual | 1999 Current Estimate | 2000 Budget |
| Global Change Research Program | | | |
| Agricultural Research Service | \$27 | \$26 | \$34 |
| Cooperative State Research, Education and Extension Service | 7 | 9 | 16 |
| Economic Research Service | 1 | 1 | 2 |
| Forest Service | 17 | 17 | 23 |
| Natural Resources Conservation Srv. . | 1 | 2 | 14 |
| Total, GCRP | 53 | 55 | 89 |
| Climate Change Technology Initiative | | | |
| Agricultural Research Service | -- | -- | 7 |
| Forest Service | -- | -- | 6 |
| Natural Resources Conservation Srv. . | -- | -- | 3 |
| Total, CCTI | -- | -- | 16 |
| Total, Climate Change Related Progs. . | \$53 | \$55 | \$105 |

GLOBAL CHANGE RESEARCH PROGRAM

The budget proposes an increase of \$34 million for the USDA research program on global change. Research will investigate technology and production strategies to minimize the adverse effects of global change on agricultural production and on understanding how agriculture and forestry contribute to global change. Increases totalling \$1 million are provided to ARS, ERS, and NRCS for USDA participation in the National Assessment Activities, which is designed to provide a detailed understanding of the consequences of climate change for the Nation. In support of the Administration's Global Change Initiative, the budget includes \$12 million for NRCS to develop accurate baseline soil carbon data and to determine the impacts of Federal programs on soil carbon stocks at the National, Regional, and field levels. ERS will study the economic consequences of climate change, such as the costs and benefits of carbon sequestration. An increase in the National Research Initiative Competitive Grants Program totalling \$6 million is provided for global change research, and the UV-B monitoring network will be expanded to collect more data

APPENDIX

on UV radiation at the ground level. Within the total, \$10 million is provided for ARS and FS to participate in the U.S. Global Change Research Program Carbon Cycle Science Program, to study the role of agriculture and forests in the carbon balance and ways to increase carbon storage in soils. FS will accelerate interpretation and prediction capabilities which provide greater understanding of the role of disturbance processes such as fire, insect and disease infestations, and drought. FS will also use the additional funds for the development and management of forest activities, technologies, and strategies to reduce emissions, increase carbon storage, enhance biological functions and increase resiliency to disturbances. The Forest Service will also redirect \$1 million in additional funding from the Forest Research base to provide increased support to the GCRP.

CLIMATE CHANGE TECHNOLOGY INITIATIVE

Increases are proposed in the budget to support the President's Climate Change Technology Initiative (CCTI). The Department is requesting \$16 million to support the initiative in 2000. Within the total increase, \$7 million will be devoted to developing technology for predicting and adapting agricultural production to global change impacts. Additional work will include research on biomass for energy. The Forest Service will expand research and demonstration projects to develop methods to reduce emissions and increase carbon sequestration and fiber production capability of forests and forest soils. Specific research will focus on storage of carbon in forest soils, development of improved forest-based renewable energy systems, and increased durability and use of wood products to sequester more carbon. NRCS will support projects to demonstrate and test various greenhouse gas mitigation strategies and monitoring mechanisms. In addition, the projected funds will be used to carry out pilot projects on Animal Feeding Operations and livestock management issues and cropland management.

APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE Budget Authority (Dollars in Millions)

| AGENCY | 1998 Actual | 1999 Current Estimate | 2000 Budget |
|--|-----------------|-----------------------------|-----------------|
| FARM AND FOREIGN AGRICULTURAL SERVICES | | | |
| Farm Service Agency | \$238 | -\$43 | -\$20 |
| Commodity Credit Corporation Programs | 10,803 | 21,296 | 11,895 |
| Risk Management Agency | 953 | 1,614 | 1,068 |
| Foreign Agricultural Service | 146 | -333 | -359 |
| P.L. 480 | 1,063 | 1,056 | 915 |
| RURAL DEVELOPMENT | | | |
| Rural Utilities Service | -453 | -737 | -2,931 |
| Rural Housing Service | 356 | 236 | -314 |
| Rural Business - Cooperative Service | 49 | 48 | 58 |
| Rural Community Advancement Program | 652 | 814 | 670 |
| Rural Empowerment Zones / Enterprise | 0 | 15 | 15 |
| Alternative Agricultural Research and Commercialization Corp. | 7 | 4 | 10 |
| FOOD, NUTRITION, AND CONSUMER SERVICES | | | |
| Food and Nutrition Service | 37,627 | 36,477 | 36,929 |
| Section 32 Funds | 113 | 187 | 269 |
| NATURAL RESOURCES AND ENVIRONMENT | | | |
| Natural Resources Conservation Service | 866 | 802 | 876 |
| Forest Service | 3,369 | 3,365 | 3,416 |
| FOOD SAFETY | | | |
| Food Safety and Inspection Service | 593 | 621 | 153 |
| RESEARCH, EDUCATION, AND ECONOMICS | | | |
| Agricultural Research Service | 846 | 890 | 901 |
| Cooperative State Research, Education, & Extension Service | 859 | 1,045 | 950 |
| Economic Research Service | 72 | 63 | 56 |
| National Agricultural Statistics Service | 118 | 104 | 101 |
| MARKETING AND REGULATORY PROGRAMS | | | |
| Agricultural Marketing Service | 156 | 163 | 174 |
| Animal and Plant Health Inspection Service | 495 | 499 | 559 |
| Grain Inspection, Packers & Stockyards Administration | 24 | 27 | 11 |
| DEPARTMENTAL ACTIVITIES | | | |
| Office of the Secretary | 11 | 11 | 13 |
| Fund for Rural America | 0 | 60 | 0 |
| Support Services Bureau | 0 | 0 | 74 |
| Departmental Administration | 27 | 32 | 36 |
| Outreach for Socially Disadvantaged Farmers | 3 | 3 | 10 |
| Agriculture Buildings and Facilities | 130 | 137 | 166 |
| Hazardous Waste Management | 16 | 16 | 23 |
| Office of the Chief Financial Officer | 4 | 4 | 6 |
| Office of the Chief Information Officer | 6 | 35 | 8 |
| Office of the General Counsel | 29 | 29 | 33 |
| Office of the Inspector General | 63 | 65 | 68 |
| Office of Communications | 8 | 8 | 9 |
| Executive Operations | 23 | 24 | 26 |
| Gifts and Bequests | 1 | 1 | 1 |
| Subtotal | 59,273 | 68,638 | 55,875 |
| Offsetting Receipts | -974 | -1,087 | -822 |
| TOTAL, U.S. DEPARTMENT OF AGRICULTURE | \$58,299 | \$67,551 | \$55,053 |

APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE Discretionary Budget Authority (Dollars in Millions)

| AGENCY | 1999 Current Estimate | 2000 Budget |
|--|-----------------------------|-----------------|
| FARM AND FOREIGN AGRICULTURAL SERVICES | | |
| Farm Service Agency | \$1,101 | \$1,090 |
| Commodity Credit Corporation Programs | 4 | -56 |
| Risk Management Agency | 64 | 71 |
| Foreign Agricultural Service | 136 | 110 |
| P.L. 480 | 1,056 | 915 |
| RURAL DEVELOPMENT | | |
| Rural Utilities Service | 122 | 102 |
| Rural Housing Service | 1,269 | 1,146 |
| Rural Business - Cooperative Service | 53 | 63 |
| Rural Community Advancement Program | 723 | 670 |
| Rural Empowerment Zones / Enterprise | 15 | 0 |
| Alternative Agricultural Research and Commercialization Corp. | 4 | 10 |
| FOOD, NUTRITION, AND CONSUMER SERVICES | | |
| Food and Nutrition Service | 4,312 | 4,578 |
| NATURAL RESOURCES AND ENVIRONMENT | | |
| Natural Resources Conservation Service | 802 | 866 |
| Forest Service | 2,652 | 2,711 |
| FOOD SAFETY | | |
| Food Safety and Inspection Service | 617 | 149 |
| RESEARCH, EDUCATION, AND ECONOMICS | | |
| Agricultural Research Service | 870 | 881 |
| Cooperative State Research, Education, & Extension Service | 925 | 830 |
| Economic Research Service | 63 | 56 |
| National Agricultural Statistics Service | 104 | 101 |
| MARKETING AND REGULATORY PROGRAMS | | |
| Agricultural Marketing Service | 50 | 61 |
| Animal and Plant Health Inspection Service | 433 | 433 |
| Grain Inspection, Packers & Stockyards Administration | 27 | 11 |
| DEPARTMENTAL ACTIVITIES | | |
| Office of the Secretary | 11 | 13 |
| Fund for Rural America | 0 | -60 |
| Support Services Bureau | 0 | 74 |
| Departmental Administration | 32 | 36 |
| Outreach for Socially Disadvantaged Farmers | 3 | 10 |
| Agriculture Buildings and Facilities | 137 | 166 |
| Hazardous Waste Management | 16 | 23 |
| Office of the Chief Financial Officer | 4 | 6 |
| Office of the Chief Information Officer | 35 | 8 |
| Office of the General Counsel | 29 | 33 |
| Office of the Inspector General | 65 | 68 |
| Office of Communications | 8 | 9 |
| Executive Operations | 24 | 26 |
| Subtotal | 15,766 | 15,210 |
| Offsetting Receipts | -5 | -5 |
| TOTAL, U.S. DEPARTMENT OF AGRICULTURE | \$15,761 | \$15,205 |

APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE Outlays (Dollars in Millions)

| AGENCY | 1998 Actual | 1999 Current Estimate | 2000 Budget |
|--|-----------------|-----------------------------|-----------------|
| FARM AND FOREIGN AGRICULTURAL SERVICES | | | |
| Farm Service Agency | \$278 | \$40 | \$32 |
| Commodity Credit Corporation Programs | 10,142 | 18,204 | 12,363 |
| Risk Management Agency | 1,273 | 1,372 | 1,672 |
| Foreign Agricultural Service | -364 | -334 | -365 |
| P.L. 480 | 953 | 1,737 | 963 |
| RURAL DEVELOPMENT | | | |
| Rural Utilities Service | 212 | -1,142 | -3,080 |
| Rural Housing Service | 479 | 394 | -48 |
| Rural Business - Cooperative Service | 57 | 71 | 51 |
| Rural Community Advancement Program | 580 | 759 | 683 |
| Rural Empowerment Zones / Enterprise | 0 | 0 | 5 |
| Alternative Agricultural Research and Commercialization Corp. | 8 | 6 | 9 |
| FOOD, NUTRITION, AND CONSUMER SERVICES | | | |
| Food and Nutrition Service | 33,373 | 35,020 | 35,945 |
| Section 32 Funds | 112 | 151 | 135 |
| NATURAL RESOURCES AND ENVIRONMENT | | | |
| Natural Resources Conservation Service | 917 | 1,081 | 946 |
| Forest Service | 3,402 | 3,440 | 3,330 |
| FOOD SAFETY | | | |
| Food Safety and Inspection Service | 596 | 621 | 151 |
| RESEARCH, EDUCATION, AND ECONOMICS | | | |
| Agricultural Research Service | 782 | 891 | 923 |
| Cooperative State Research, Education, & Extension Service | 904 | 928 | 916 |
| Economic Research Service | 55 | 55 | 57 |
| National Agricultural Statistics Service | 124 | 102 | 101 |
| MARKETING AND REGULATORY PROGRAMS | | | |
| Agricultural Marketing Service | 153 | 158 | 174 |
| Animal and Plant Health Inspection Service | 526 | 530 | 566 |
| Grain Inspection, Packers & Stockyards Administration | 24 | 27 | 11 |
| DEPARTMENTAL ACTIVITIES | | | |
| Office of the Secretary | 12 | 15 | 14 |
| Fund for Rural America | 9 | 12 | 39 |
| Support Services Bureau | 0 | 0 | 14 |
| Departmental Administration | 30 | 30 | 34 |
| Outreach for Socially Disadvantaged Farmers | 1 | 9 | 10 |
| Agriculture Buildings and Facilities | 140 | 141 | 162 |
| Hazardous Waste Management | 15 | 21 | 22 |
| Office of the Chief Financial Officer | 5 | 4 | 6 |
| Office of the Chief Information Officer | 4 | 32 | 11 |
| Office of the General Counsel | 28 | 27 | 33 |
| Office of the Inspector General | 63 | 65 | 68 |
| Office of Communications | 8 | 8 | 9 |
| Executive Operations | 21 | 23 | 26 |
| Working Capital Fund | -2 | 0 | 0 |
| Gifts and Bequests | 1 | 1 | 1 |
| Subtotal | 54,921 | 64,499 | 55,989 |
| Offsetting Receipts | -974 | -1,087 | -822 |
| TOTAL, U.S. DEPARTMENT OF AGRICULTURE | \$53,947 | \$63,412 | \$55,167 |

APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE Discretionary Outlays (Dollars in Millions)

| AGENCY | 1999 Current Estimate | 2000 Budget |
|--|-----------------------------|-----------------|
| FARM AND FOREIGN AGRICULTURAL SERVICES | | |
| Farm Service Agency | \$1,111 | \$1,143 |
| Commodity Credit Corporation Programs | 4 | -56 |
| Risk Management Agency | 70 | 70 |
| Foreign Agricultural Service | 138 | 107 |
| P.L. 480 | 1,749 | 977 |
| RURAL DEVELOPMENT | | |
| Rural Utilities Service | 144 | 140 |
| Rural Housing Service | 1,314 | 1,312 |
| Rural Business - Cooperative Service | 65 | 49 |
| Rural Community Advancement Program | 668 | 683 |
| Rural Empowerment Zones / Enterprise | 0 | 5 |
| Alternative Agricultural Research and Commercialization Corp. | 6 | 9 |
| FOOD, NUTRITION, AND CONSUMER SERVICES | | |
| Food and Nutrition Service | 4,344 | 4,554 |
| NATURAL RESOURCES AND ENVIRONMENT | | |
| Natural Resources Conservation Service | 1,028 | 927 |
| Forest Service | 2,603 | 2,633 |
| FOOD SAFETY | | |
| Food Safety and Inspection Service | 617 | 147 |
| RESEARCH, EDUCATION, AND ECONOMICS | | |
| Agricultural Research Service | 874 | 903 |
| Cooperative State Research, Education, & Extension Service | 928 | 892 |
| Economic Research Service | 55 | 57 |
| National Agricultural Statistics Service | 102 | 101 |
| MARKETING AND REGULATORY PROGRAMS | | |
| Agricultural Marketing Service | 44 | 60 |
| Animal and Plant Health Inspection Service | 433 | 440 |
| Grain Inspection, Packers & Stockyards Administration | 27 | 11 |
| DEPARTMENTAL ACTIVITIES | | |
| Office of the Secretary | 15 | 14 |
| Fund for Rural America | 0 | -33 |
| Support Services Bureau | 0 | 11 |
| Departmental Administration | 30 | 34 |
| Outreach for Socially Disadvantaged Farmers | 9 | 10 |
| Agriculture Buildings and Facilities | 141 | 162 |
| Hazardous Waste Management | 21 | 22 |
| Office of the Chief Financial Officer | 4 | 6 |
| Office of the Chief Information Officer | 32 | 11 |
| Office of the General Counsel | 27 | 33 |
| Office of the Inspector General | 65 | 68 |
| Office of Communications | 8 | 9 |
| Executive Operations | 23 | 26 |
| Subtotal | 16,699 | 15,537 |
| Offsetting Receipts | -5 | -5 |
| TOTAL, U.S. DEPARTMENT OF AGRICULTURE | \$16,694 | \$15,532 |

APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE

| Agency | Staff Years | | | | | | Change 1999 - 2000 | |
|---|-----------------|---------|---------------|-------------|---------------------------|----------------------------|--------------------|---------|
| | FY 1993 Ceiling | 1998 | 1999 Estimate | 2000 Budget | Change 1993 - 2000 Amount | Change 1993 - 2000 Percent | Amount | Percent |
| | | | | | | | | |
| Farm Service Agency | 7,628 | 5,666 | 5,845 | 5,745 | -1,883 | -24.7% | -100 | -1.7% |
| Risk Management Agency | 664 | 530 | 545 | 550 | -114 | -17.2% | 5 | 0.9% |
| Foreign Agricultural Service | 923 | 914 | 900 | 885 | -38 | -4.1% | -15 | -1.7% |
| Rural Utilities Service | 890 | 696 | 715 | 715 | -175 | -19.7% | 0 | 0.0% |
| Rural Housing Service | 8,222 | 6,029 | 6,109 | 6,081 | -2,141 | -26.0% | -28 | -0.5% |
| Rural Business-Cooperative Service | 428 | 297 | 304 | 304 | -124 | -29.0% | 0 | 0.0% |
| Alternative Agricultural Research and Commercialization Corporation | 7 | 6 | 11 | 11 | 4 | 57.1% | 0 | 0.0% |
| Food and Nutrition Service | 2,009 | 1,638 | 1,717 | 1,805 | -204 | -10.2% | 88 | 5.1% |
| Forest Service | 43,025 | 34,798 | 34,984 | 35,614 | -7,411 | -17.2% | 630 | 1.8% |
| Natural Resources Conservation Service | 13,784 | 11,916 | 11,466 | 11,194 | -2,590 | -18.8% | -272 | -2.4% |
| Food Safety and Inspection Service | 9,950 | 9,698 | 9,702 | 9,702 | -248 | -2.5% | 0 | 0.0% |
| Agricultural Research Service | 8,426 | 7,431 | 7,762 | 7,762 | -664 | -7.9% | 0 | 0.0% |
| Cooperative State Research, Education & Extension Ser. | 408 | 404 | 405 | 440 | 32 | 7.8% | 35 | 8.6% |
| Economic Research Service | 788 | 531 | 533 | 533 | -255 | -32.4% | 0 | 0.0% |
| National Agricultural Statistics Service | 1,487 | 1,147 | 1,140 | 1,146 | -341 | -22.9% | 6 | 0.5% |
| Agricultural Marketing Service | 4,027 | 3,517 | 3,524 | 3,524 | -503 | -12.5% | 0 | 0.0% |
| Animal and Plant Health Inspection Service | 6,552 | 6,342 | 6,461 | 6,461 | -91 | -1.4% | 0 | 0.0% |
| Grain Inspection, Packers and Stock. Administration | 936 | 757 | 775 | 775 | -161 | -17.2% | 0 | 0.0% |
| Office of the Secretary | 83 | 64 | 82 | 82 | -1 | -1.2% | 0 | 0.0% |
| Departmental Administration | 727 | 649 | 701 | 730 | 3 | 0.4% | 29 | 4.1% |
| Office of the Chief Financial Officer | 1,221 | 1,279 | 1,186 | 1,171 | -50 | -4.1% | -15 | -1.3% |
| Office of the Chief Information Officer | 297 | 250 | 272 | 275 | -22 | -7.4% | 3 | 1.1% |
| Office of the General Counsel | 420 | 340 | 374 | 379 | -41 | -9.8% | 5 | 1.3% |
| Office of the Inspector General | 850 | 737 | 753 | 753 | -97 | -11.4% | 0 | 0.0% |
| Office of Communications | 150 | 118 | 123 | 123 | -27 | -18.0% | 0 | 0.0% |
| Office of the Chief Economist | 45 | 39 | 60 | 60 | 15 | 33.3% | 0 | 0.0% |
| National Appeals Division | 152 | 129 | 133 | 133 | -19 | -12.5% | 0 | 0.0% |
| Office of Budget and Program Analysis | 76 | 70 | 66 | 67 | -9 | -11.8% | 1 | 1.5% |
| Subtotal, USDA | 114,175 | 95,989 | 96,648 | 97,020 | -17,155 | -15.0% | 372 | 0.4% |
| Thrift Savings Plan | 367 | 421 | 545 | 585 | 218 | 59.4% | 40 | 7.3% |
| Total, USDA, Federal | 114,542 | 96,410 | 97,193 | 97,605 | -16,937 | -14.8% | 412 | 0.4% |
| FSA, Non-Federal County | 14,953 | 10,733 | 10,700 | 10,048 | -4,905 | -32.8% | -652 | -6.1% |
| Total, USDA | 129,495 | 107,143 | 107,893 | 107,653 | -21,842 | -16.9% | -240 | -0.2% |

APPENDIX

2000 User Fee Proposals (Dollars in Millions)

| Agency and Program | Budget Authority |
|---|---------------------|
| Food Safety | |
| Food Safety and Inspection Service: | |
| Salaries and Expenses | -\$504 |
| <ul style="list-style-type: none">This proposal would charge fees for the full cost of providing Federal inspection of meat, poultry, and egg products. The user fees exclude Grants to States and Special Assistance to State Programs. | |
| Natural Resources and Environment | |
| Forest Service: | |
| Recreation Fee Demonstration Program | 0 |
| <ul style="list-style-type: none">This proposal would permanently extend the Recreation Fee Program beyond 2002 and would authorize the direct expenditure of all recreations fees collected by the Forest Service. The current 2000 estimate for this program is \$20 million. | |
| Timber Sales Preparation Pilot | -20 |
| <ul style="list-style-type: none">The budget proposes that timber purchasers bear a portion of the direct costs (excluding environmental analysis costs) for timber sales preparation and harvest administration for green timber from the National Forest System lands. | |

APPENDIX

| Agency and Program | Budget Authority |
|--|------------------|
| Timber Salvage Sales Fund | -9 |
| <ul style="list-style-type: none">• The budget proposes to implement a pilot program to charge a fee to recover federal direct costs (excluding environmental analysis costs) for timber sales preparation and harvest administration for salvage timber from National Forest System lands. | |
| Forest Uses | -3 |
| <ul style="list-style-type: none">• The budget proposes that, contingent upon the enactment of authorizing legislation, fair market value user fees are to be charged for certain land uses, such as oil and gas pipelines, powerlines, telephone lines, fiber optic communications lines, ditches and canals, and road and trail rights of way and commercial services on National Forest System lands. | |
| Specialty Forest Products | -12 |
| <ul style="list-style-type: none">• The budget proposes that, contingent upon the enactment of authorizing legislation, fair market value user fees are to be charged for specialty forest products such as fuel wood, mushrooms, nuts and ferns. Use of the revenue from the fees will begin on October 1, 2000. | |

Marketing and Regulatory Programs

Animal and Plant Health Inspection Service:

| | |
|--|----|
| Salaries and Expenses | -9 |
| <ul style="list-style-type: none">• This proposal would establish user fees for costs for animal welfare inspections and issuance of biotechnology certificates. | |

APPENDIX

| Agency and Program | Budget Authority |
|--|----------------------|
| Grain Inspection, Packers and Stockyards Administration: | |
| Salaries and Expenses | -19 |
| <ul style="list-style-type: none">• This proposal would establish a fee for grain standardization and a licensing fee to cover the costs of administering the provisions of the Packers and Stockyards Act relating to meat packing and stockyards activities. | |
| Total, User Fee Related Proposed Legislation | <u><u>-\$576</u></u> |

APPENDIX

2000 Other Proposed Budget-Related Legislation (Dollars in Millions)

| Agency and Program | Budget Authority |
|--|---------------------|
| Farm and Foreign Agricultural Services | |
| Commodity Credit Corporation: | |
| <ul style="list-style-type: none"> The Administration will propose legislation to increase CCC funding for EQIP by \$100 million in 2000 and by a total of \$500 million for the period 2000 to 2004. | \$100 |
| <ul style="list-style-type: none"> Legislation is proposed to increase the CCC limit on limit on computer expenditures by \$105 million over 2000 through 2002. This would provide a total cap of \$293 million over 1997 through 2002. | 35 |
| <ul style="list-style-type: none"> The budget includes proposed legislation for a reduced Export Enhancement Program (EEP) level for 2000 to 2004. Under this proposal, total funding of about \$1.9 billion will be available for EEP during the 2000 to 2004 period, with a \$494 million limitation for EEP in 2000. | -85 |
| <ul style="list-style-type: none"> The budget proposes to fund the Foreign Market Development Cooperator Program as a mandatory program in CCC. Previously, it was funded as a discretionary program from FAS Salaries and Expenses. This will ensure a stable source of funding for the program. | 28 |
| <ul style="list-style-type: none"> The budget includes a new Quality Samples Program which will be used to apprise potential buyers overseas of the high quality of U.S. agricultural products. Mandatory funding for this program is proposed from CCC. | 2 |
| <ul style="list-style-type: none"> The budget proposes to offset funding for Wildlife Habitat Incentives Program and Farmland Protection Program by reduction in funds for the Conservation Farm Option Program. | -38 |

APPENDIX

| Agency and Program | Budget Authority |
|--|---------------------|
| Rural Development | |
| Rural Empowerment Zone/Enterprise Community Grants . . . | \$15 |
| <ul style="list-style-type: none">This proposal provides mandatory funding for 10 years for Empowerment Zones and Enterprise Communities. Authority for a second round of EZ/EC was included in the Tax Payer Relief Act of 1997. The 1999 Appropriations Act provided \$15 million in discretionary funding for the first year grants. | |
| Rural Utilities Service: | |
| Rural Electrification Loans | <u>a/</u> |
| <ul style="list-style-type: none">This proposal would add a new Treasury rate electric loan program, in the amount of \$400 million. Borrowers would apply for direct (Treasury rate) loans at an interest rate that is tied to the Government's cost of money. This type of loan is similar to the successful telecommunication Treasury rate loan program. | |
| <u>a/</u> Less than \$500 thousand. | |
| Rural Housing Service: | |
| Section 538 Guaranteed Multi-Family Housing Loans . . . | 0 |
| <ul style="list-style-type: none">This proposal would eliminate the statutory requirement that 20 percent of the loans guaranteed must receive interest assistance. | |

APPENDIX

| Agency and Program | Budget Authority |
|---|---------------------|
| Food, Nutrition and Consumer Services | |
| Food and Nutrition Service: | |
| Food Stamp Program | \$10 |
| <ul style="list-style-type: none">The Administration is proposing to restore benefits to qualified legal immigrants with lawful permanent resident status on August 22, 1996, who subsequently reach the age of 65 made ineligible by restrictions in the Welfare Reform legislation passed in 1996. | |
| Child Nutrition Programs | -57 |
| <ul style="list-style-type: none">The Administration is proposing legislation to count the value of bonus commodities towards the statutory requirement that at least 12 percent of Federal school lunch support be in the form of commodities. | |
| Natural Resources and Environment | |
| Forest Service: | |
| Payments to States | 27 |
| <ul style="list-style-type: none">The budget proposes legislation to stabilize Forest Service Payments to States which have declined since the late 1980's. The proposal would stabilize the payments by providing a guaranteed amount to the States rather than a percentage of the receipts. | |
| Knutsen-Vandenburg (K-V) Trust Fund | -34 |
| <ul style="list-style-type: none">The budget proposes that indirect (administrative) costs for the K-V trust fund are to be assumed by discretion appropriations. This proposal includes language that allows the use of carryover funds to cover the indirect costs previously paid for by the K-V trust fund. | |

APPENDIX

| Agency and Program | Budget Authority |
|---|------------------|
| Timber Salvage Sales | -18 |
| <ul style="list-style-type: none"> The budget proposes that indirect (administrative) costs for Timber Salvage Sales are to be assumed by discretionary appropriations. This proposal includes language that allows the use of carryover funds to cover the indirect costs associated with Timber Salvage Sales. | |
| Brush Disposal | -7 |
| <ul style="list-style-type: none"> The budget proposes that indirect (administrative) costs for Brush Disposal are to be assumed by discretion appropriations. This proposal includes language that allows the use of carryover funds to cover the indirect costs associated with the Brush Disposal account. | |
| Timber Fair Market Value | -14 |
| <ul style="list-style-type: none"> The budget proposes that timber bids are to be available only through sealed bid auction procedures, rather than open bid as is now the case in some places. It is the intention of the proposal to increase timber receipts and better assure the government's collection of fair market value for the timber asset sold. | |
| Concession Reform | -11 |
| <ul style="list-style-type: none"> Concession reform legislation will alter current authorities and policies that make it difficult to dispose of excess government facilities and for the private sector to enter into a business relationship to reconstruct or construct recreational facilities, resulting in improved facilities, reduced facilities maintenance backlog, reduced excess government facilities, increased revenues from fee collections, and improved customer service. Use of revenue from fees will begin on October 1, 2000. | |

APPENDIX

| Agency and Program | Budget Authority |
|--|------------------|
| Natural Resources Conservation Service: | |
| Debt for Nature | 5 |
| <ul style="list-style-type: none">• This proposal would provide technical and financial assistance to USDA borrowers with serious cash flow problems who also have lands that require conservation treatment. In order to help borrowers who face foreclosure as a result of the declining farm economy, these funds will be directed to provide expanded technical and cost-share assistance. | |
| Wildlife Habitat Incentives Program (WHIP) | 10 |
| <ul style="list-style-type: none">• This proposal would authorize an additional funds to continue the program. The 1996 Farm Bill authorized \$50 million the program and these funds will be fully exhausted in 1999. | |
| Farmland Protection Program | 28 |
| <ul style="list-style-type: none">• This proposal would authorize new funding for 2000. The current funding authorization was reached in 1998. | |
| Research, Education, and Economics | |
| Cooperative State Research, Education, and Extension Service: | |
| Initiative for Future Agriculture and Food Systems | 0 |
| <ul style="list-style-type: none">• Mandatory funding of \$120 million per year is authorized for this program beginning in 2000. The 1999 appropriations bill blocked the use of these funds in 1999. Legislation is proposed to restore the \$120 million authorized for 1999 in \$30 million annual increments beginning in 2001. | |

APPENDIX

| Agency and Program | Budget Authority |
|--------------------|---------------------|
|--------------------|---------------------|

Fund for Rural America

| | |
|----------------------------------|---|
| Fund for Rural America | 0 |
|----------------------------------|---|

- Mandatory funding of \$60 million per year is authorized for the Fund for Rural America for FY 1999 through 2003. The 1999 Appropriations Act blocked the use of these funds in 1999. Legislation is proposed to restore the \$60 million authorized for 1999 in \$15 million increments beginning in 2001.
-

